Austria	Sch24	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.700	Israel	Shk3.50	Philippines	Pes40
Belgium	BFr55	Italy	L2000	Poland	Zl 9,000
Cyprus	C£0.80	Jordan	JD1	Portugal	Es165
Denmark	DKr12.00	Korea	Won 2000	Qatar	QR9.50
Egypt	E£3.25	Kuwait	Fils.500	S.Arabia	SR7.00
Finland	Fmk8.30	Lebanon	L£800.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hungary	Ft187	Neth	Fl 3.25	Thailand	Bt50
Iceland	IKr160	Nigeria	Naira12	Tunisia	Din0.600
India	Rs15	Norway	NKr12.00	Turkey	L2000
Indonesia	Rp3100	Oman	OR1	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Friday November 2 1990 D 8523A

URUGUAY ROUND
Grassroots anxiety on US farms
Page 20

World News

Gandhi move prepares way for removal of V.P. Singh

A move to replace V.P. Singh as India's prime minister with another leader of his Janata Dal party gathered momentum with indications that this would win the government crucial support from Rajiv Gandhi's opposition Congress party.

Evidence that the Congress party was changing its strategy emerged when it unexpectedly voted with a regional Janata Dal government, allowing it to win a vote of confidence in the western state of Gujarat. Page 22

US warming clash

The US is heading for a clash with other industrialised countries on the question of global warming when environment ministers from more than 100 nations meet at the world climate conference in Geneva next week. Page 2

Power for Corsica

French cabinet tabled controversial plans to hand more power to Corsica, France's poorest region, and to recognise the existence of a Corsican people. Page 2

Romanians protest

More than 1,000 angry Romanians blocked traffic in Bucharest as the ruling National Salvation Front lifted price controls and devalued the currency. Page 2

Talks on Palestinians

Javier Pérez de Cuéllar, UN secretary general, urged a meeting of states which are party to the Fourth Geneva Convention to discuss measures to protect Palestinians under Israeli rule. Page 4

Lebanon bombed

Israeli jets bombed targets in Lebanon for the second time in just over a week, attacking guerrilla positions in the Bekaa Valley. Page 4

New Pakistan PM

Pakistan's Islamic Democratic Alliance unanimously acclaimed Nawaz Sharif as the next prime minister, ending speculation that the military might seek to block his appointment. Page 4

Russian free market

Russian Federation, the biggest and most powerful republic in the Soviet Union, formally launched a radical 500-day reform plan to create a market economy by late 1992 through privatisation and a gradual elimination of price controls.

Zambia shuffle

Zambian President Kenneth Kaunda overhauled his cabinet and made a political grab for the country's official media to reinforce his position ahead of multi-party elections.

Israel treasures find

Israeli archaeologists said they had discovered rare coins, bronze figurines and ancient bathing accessories scattered amid the sunken ruins of a 1,900-year-old Roman ship between the coastal Israeli cities of Haifa and Atlit.

Czech-mates no longer

Slovak National Party (SNS) is aiming for the break-up of Czechoslovakia and an independent Slovakia. Page 2

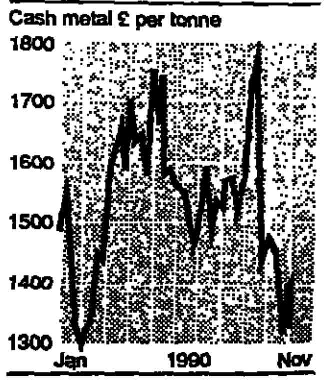
Business Summary

KLM profits plummet amid rising airline costs

KLM Royal Dutch Airlines, one of several European carriers battling to control costs, has announced that second quarter profits dropped by nearly 75 per cent, reflecting higher bills for fuel, insurance, loans and maintenance. Net profits plunged to Fl 42.7m ($24.9m) from Fl 162.3m a year earlier. Page 23

MARKETS: Copper prices closed at two-week low on the LME. The market weakened under general liquidation in the morning and traded in the range $2,575-$2,535 a tonne for three-month metal after an easier Comex market and in anticipation of selling from Japan. Wall Street: At mid-session, Dow Jones Industrial Average was quoted 14.35 higher at 2,456.68 on light volume. Tokyo: The Nikkei closed at 24,295.16, down 898.94. Back Page, Section II

Copper



POLLY Peck: Asil Nadir, chairman of Polly Peck International, has won the chance to argue in court that the Serious Fraud Office must tell him of what criminal offences he is suspected. Page 8

SOUTH Korea will review its decision to buy 120 fighter aircraft from McDonnell Douglas because of sharp increase in the original $4.2bn price. Page 22

AKZO, Dutch chemicals and fibres group, reported 26 per cent drop in third quarter results and warned that downward trend was likely to continue for rest of year. Page 23

TRUMP Organisation: Trading in high-yield Taj Mahal casino bonds has resumed after brief suspension on Wednesday afternoon by American Stock Exchange because of uncertainty over interest payment on bonds. Page 24

GENCOR, South African conglomerate, is considering breaking itself into constituent parts. Page 24

RANK Xerox, photocopier company owned by Xerox and Rank Organisation, will sell businesses in Asia to Fuji Xerox, joint venture between Rank Xerox and Fuji Photo Film, for $261.9m. Page 28

PETROLEOS Mexicanos, Mexico's state oil company, is dividing production activities into three divisions to increase efficiency. Page 6

BOND Corporation Holdings has asked Australian Stock Exchange to allow resumption of trading in its shares if creditors and shareholders approve restructuring plan. Page 24

Doubts emerge over premier's grip on party ● Pro-European Tories may seek leadership contest

Howe quits after split with Thatcher

By Philip Stephens and Alison Smith in London

MRS Margaret Thatcher's government was thrown into disarray last night by the dramatic resignation of Sir Geoffrey Howe over the British prime minister's refusal to adopt a more positive approach to European integration.

His suprise decision to quit as deputy prime minister and leader of the House of Commons put a question mark over Mrs Thatcher's own grip on the Conservative Party leadership.

It also raised the spectre that the government's apparent isolation within the European Community could split the Conservative Party in the run-up to the general election due by mid-1992.

Mr Neil Kinnock, opposition Labour Party leader, seized on the announcement to declare Mrs Thatcher was no longer "fit to run the government".

Sir Geoffrey annnounced his resignation just over a year after Mr Nigel Lawson, the former Chancellor of the Exchequer, quit the government in similarly dramatic circumstance over Mrs Thatcher's refusal to join the Exchange Rate Mechanism of the European Monetary System.

His decision followed a passionate denunciation by Mrs Thatcher earlier this week of plans by the other 11 EC governments to press proposals for a single European currency and central bank.

That in turn came just days after Mrs Thatcher had found herself alone at the Rome summit of EC leaders in refusing to endorse a timetable for monetary union.

Sir Geoffrey's relations with the prime minister had been strained since the middle of last year when she forcibly moved him from the Foreign Office because of his alliance with Mr Lawson over the Exchange Rate Mechanism.

This week, under pressure from Mr Kinnock, she pointedly refused to endorse Sir Geoffrey's view that Britain must not allow itself to be consigned to the "slow lane" of a two-speed Europe.

Despite those differences, his resignation will be a major blow to Mrs Thatcher's government because Sir Geoffrey will now be a further focus of discontent with her leadership on the Tory backbenches.

With the government 15 points behind Labour in opinion polls, there has been growing gossip at Westminister about a further possible challenge to Mrs Thatcher's leadership. The presumption until now has been that the threat of a Gulf war would forestall any such bid, but the prospect will now look much stronger.

Friends of Sir Geoffrey insisted last night that he would not seek to challenge Mrs Thatcher in the annual contest which might take place later this month. They acknowledged, however, that his decision to leave the government might encourage others on the "pro-European" wing of the party to seek to force her to stand down.

Sir Geoffrey went to see the prime minister in Downing Street just before 6pm last night. They had a 30-minute meeting and his resignation was announced just an hour later. He told the prime minister that following her stance at the Rome summit and her sharp condemnation of plans for closer European integration, he felt that he could no longer support her within the government.

His close colleagues made clear last night that he was not in favour of a rush to a federal Europe but he believed that the prime minister had undercut the efforts of Mr John Major, Chancellor of the Echequer, and Mr Douglas Hurd, foreign secretary, to seek a compromise with Britain's partners.

Mrs Thatcher was said to have had no prior knowledge of his intentions before the meeting. She said afterwards that she accepted his resignation "more in sorrow than in anger."

His decision took the political world by surprise, coming as it did just after MPs had dispersed at the end of the parliamentary session. The news stunned Tory MPs returning to their constituencies.

While the prime minister has consistently condemned plans for a single European currency, Sir Geoffrey has been among the ministers acknowledging that the UK government's own proposal for a "hard ecu" could itself lead to a single currency.

Lex, Page 22

Sir Geoffrey Howe: resigned over Thatcher's approach to Europe

Bundesbank lifts interest rate to reinforce warning on deficit

By Katharine Campbell in Frankfurt and Peter Marsh in London

THE GERMAN monetary authorities yesterday raised one of the country's two key interest rates, backing up with action its warnings over recent weeks to the Bonn government about mounting public deficits.

The action, while passed off by the Bundesbank as largely technical, reinforced its warnings to Bonn about the dangers of burdening the capital markets with ever increasing funding calls as a result of German unification.

Following its fortnightly council meeting, the Bundesbank announced that the Lombard rate, used by banks for emergency funding, would be raised to 8.5 per cent today from 8 per cent. The 6 per cent discount rate is to remain unchanged.

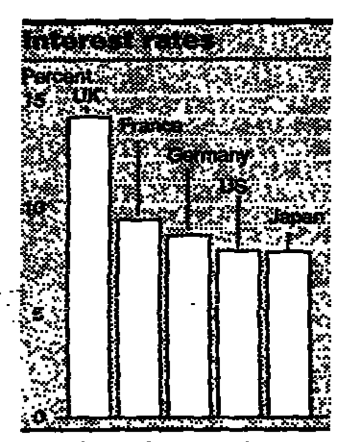
The Dutch central bank responded with a quarter point increase in its discount rate to 7.25 per cent.

In a separate development in London the government acted decisively to defuse City of London expectations about an imminent base rate cut, but left room for an easing of monetary policy later in the year to help avoid a full-scale recession.

Earlier this week, in a conversation with Chancellor Helmut Kohl, Mr Karl Otto Pöhl, the Bundesbank president, is understood to have argued for a near freeze on public spending within the west German region in 1991 as a way of curbing runaway public sector deficits.

Mr Hans Tietmeyer, a Bundesbank senior director, last week for the first time suggested that "unrestrained borrowing by German public bodies on the capital markets" might force an increase in official interest rates. The total public sector borrowing requirement for 1990 is likely to be around DM100bn ($66bn), rising, according to many market forecasts, to DM150bn or higher next year.

The Bundesbank – operating in an environment where other countries are keen to lower rates – yesterday explained its move as restoring the relation between the emergency Lombard rate and money market prices. The latter have for weeks been edging over Lombard, prompting the banks to make heavy use of a facility designed as a penalty borrowing rate.



In London the Treasury and the Bank of England both issued unusually direct statements dashing hopes of a cut in base rates from 14 per cent in the immediate future.

The Treasury said: "It is obvious from the authorities' actions in the [money] markets in recent days that they do not consider a fall in interest rates appropriate." It repeated the comments by Mr John Major, the chancellor, that interest rates would not be cut until it was safe to do so.

The Bank of England, meanwhile, issued a complementary statement which said its recent actions "have been consistent with a continuing level of interest rates at 14 per cent".

The statements came amid growing signs, particularly from manufacturing industry, that Britain is moving into a serious recession. They appeared to have the desired effect in reducing market speculation about a base rate cut.

Shares on the London stock market lost ground and the FT-SE index closed at 2,028.0, down 22.3. The D-Mark firmed against most currencies including the dollar which closed down at DM1.5075/85.

Lex, Page 22

Key index shows US economy declining

By Anthony Harris in Washington

THE KEY survey of conditions in US manufacturing, the US purchasing managers' index, fell to an eight-year low in October. For the first time, since the 1982 recession, it reached a level which indicates some contraction in the US economy as a whole.

In another sign of a serious downturn, the US Commerce Department reported a 2.8 per cent fall in construction spending in September. Activity fell below the 1989 level for the first time this year.

In its fourth successive monthly decline, the purchasing managers' index dropped a full point to 43.4 per cent. This is the lowest figure since November 1982, when a figure of 41.5 per cent marked the trough of the 1981-82 recession. The purchasing managers' survey committee says that a reading of 50 indicates a flat manufacturing economy, while any figure below 44 suggests contraction in the economy as a whole.

Mr Robert J Bretz, chairman of the commttee, commented: "The fourth quarter began like the third quarter ended, with a decline in the manufacturing economy. Virtually all indicators confirmed the growing weakness in manufacturing, which was enough to pull the overall ecomony into slightly negative growth.

"With new orders the weakest in eight years, immediate relief does not appear likely."

Despite the weakness of demand, price inflation continued to accelerate, due almost entirely to the rise in oil-related products.

"The price index rose to 76.4 per cent, up from 73.4 per cent in September and 46.5 per cent as recently as May 1990," Mr Bretz said.

"Many purchasers reported that suppliers are using the uncertainties in the Middle East situation to increase prices even when not warranted."

Export orders remain the only positive feature of the survey, but the order index fell to a barely positive 51.0 per cent.

Continued on Page 22
Grassroots anxiety in agriculture, Page 20; Lex, Page 22; Wall Street, Back page, Section 2

Soviets and French refuse to link hostages with Gulf deal

By Lamis Andoni in Bagdhad

FRANCE and the Soviet Union have rejected Iraq's suggestion that the release of western hostages could be linked to the search for a peaceful settlement of the Gulf crisis.

Official sources in Baghdad said Paris and Moscow would insist that the fate of the 4,000 western hostages could not be used as a bargaining chip in the search for a political settlement.

Bagdhad had sought an undertaking from Paris and Moscow that they would commit themselves publicly to a peaceful resolution to the Gulf crisis as a condition for the release of all hostages held in Iraq and Kuwait. The offer followed talks last weekend between Iraqi president Saddam Hussein and Mr Yevgeni Primakov, the special Soviet envoy.

However, one diplomat close to the Primakov mission said yesterday: "Both Moscow and Paris resent the Iraqi attempt to use the hostages to secure any sort of political guarantees. The message to the Iraqis is that they cannot use the hostages as a bargaining chip, hostages should be released regardless of the political developments and positions of the countries concerned," the diplomat added.

Mr Primakov had pressed Bagdhad for the immediate release of all hostages as a sign of goodwill. He had nonethless insisted that Iraq comply fully with UN resolutions demanding an unconditional withdrawl from Kuwait.

Mr Saddam is reported to have set three conditions for the hostages' release. He sought a joint Soviet and French declaration, a guarantee that there would be no military strike against Iraq and an undertaking from both countries that their governments would stress a linkage between solution of the Kuwait crisis and the resolution of all other regional problems.

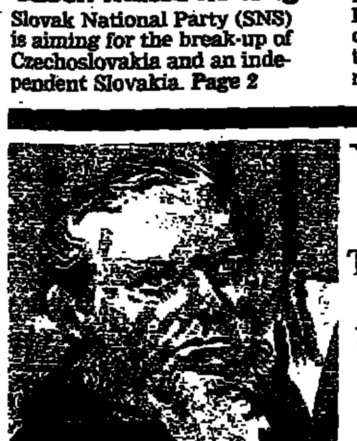
Almost 700 Bulgarian hostages looked set for release yesterday after Mr Saddam recommended to the country's national assembly, the rubber-stamp parliament, that it debate their release. A similar request from Mr Saddam led to the unilateral release late last month of some 300 French hostages.

Iraq yesterday freed on humanitarian grounds four sick or elderly US male hostages and two Britons. But a proposed visit to Bagdhad by Mr Willy Brandt, the former West German chancellor, to seek the humanitarian release of German hostages provoked strong criticism from Britain.

Mr Douglas Hurd, the British foreign secretary, told the German government that the initiative was contrary to the agreement reached in Rome last weekend by European Community leaders.

A Foreign Office statement said the Rome summit agreed governments should not send representatives to negotiate with Iraq for the release of foreign nationals, and should discourage others from doing so.

Few safe bets in war prediction, Sanctions cost China $2bn, Page 4



Weekend FT

Tomorrow: How the City of London faced financial ruin

●

Chill wind in the salerooms: three pages of collecting, in colour

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Shock therapy may be only cure for Hungary's economic ills

The Hungarian economy has been hit by a series of crises. In the argument about solutions, Prime Minister Jozsef Antall (left) appears to be shifting his weight towards the radicals.
Page 2

MARKETS

STERLING
New York lunchtime:
$1.95117
London:
$1.9515 (1.944)
DM2.9425 (2.945)
FFr9.86 (9.865)
SFr2.4875 (2.5)
Y254.5 (252.5)
£ Index 94.4 (94.5)

GOLD
New York: Comex Dec
$383.1 (381.3)
London:
$380.25 (379.25)

N SEA OIL (Argus)
Brent 15-day Dec
$34.65 (34.05)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime:
DM1.508
FFr5.055
SFr1.276
Y130.55
London:
DM1.5075 (1.5155)
FFr5.0525 (5.075)
SFr1.275 (1.2865)
Y130.55 (129.95)
$ Index 60.8 (60.9)
Tokyo close: Y130.7

US lunchtime rates
Fed Funds $7\frac{15}{16}$%
3-mo Treasury Bills: yield: 7.27%
Long Bond: $100\frac{17}{32}$
yield: 8.69%

STOCK INDICES
FT-SE 100:
2,028.0 (−22.3)
FT Ordinary:
1,572.1 (−20.8)
FT-A All-Share:
962.49 (−1.0%)
New York lunchtime:
DJ Ind. Av.
2,447.03 (+4.7)
S&P Comp
304.67 (+0.67)
Tokyo: Nikkei
24,295.16 (-898.94)

LONDON MONEY
3-month Interbank:
closing $13\frac{1}{2}$% (same)
Liffe long gilt future:
Dec $84\frac{5}{16}$ ($84\frac{29}{32}$)

US heads for clash with Europeans on global warming

By John Hunt, Environment Correspondent

THE US is heading for a clash with other industrialised countries on the question of global warming when environment ministers from more than 100 nations meet at the world climate conference in Geneva next week.

A wide gap between America and Europe on how the international community should combat the greenhouse effect is disclosed in a confidential document outlining the US position.

It claims there are still doubts about whether the world faces a rise in temperatures as a result of the increase in "greenhouse gases". It makes no proposals for setting targets for the reduction of carbon dioxide, the main greenhouse gas.

The US is one of the few industrialised countries which have failed to announce such targets.

Unless it modifies its stance it is likely to be isolated at the conference, which will begin work on drawing up a world convention to combat global warming.

The leaked document is a draft of the declaration which the Americans want adopted at the conference.

It contrasts with the view of other leading industrialised countries which accept that there is a real threat of climate change. The Americans stress that there are still "great uncertainties" about global warming and "the state of our knowledge is imperfect."

It welcomes the report drawn up for the conference by scientists on the Intergovernmental Panel on Climate Change which confirms the dangers of global warming. But the US says there is uncertainty about how these should be tackled "and at what cost".

The document accepts that a global strategy must be drawn up to protect the atmosphere but says that it should not "unduly curtail economic growth".

In opposition to the US, the Norwegians have circulated their own strongly worded draft declaration. It says that "climate change could pose an environmental threat of a magnitude hitherto unknown and could severely jeopardise the social and economic development of some areas".

It calls on industrial countries to stabilise emissions of carbon dioxide by the year 2,000 and cut them by 20 per cent by the year 2010 at the latest.

A carbon tax on fossil fuels such as coal and oil and the introduction of energy saving are proposed.

The Norwegian proposals declared that "lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation".

■ A report by the American branch of the World Wide Fund for Nature published in Geneva yesterday claimed that the US could cut carbon dioxide emissions by 20 per cent by 2005 at a cost of less than 1 per cent of its gross national product.

Crisis mentality takes hold of Hungary

Shock therapy may be only cure for economic emergency, reports **Nicholas Denton**

COMPLACENCY has been the most welcome casualty of the three catastrophes which have struck Hungary in the last three months.

The threat of war in the Gulf, the collapse of the eastern European trade system and the most severe drought in decades have combined to give Hungary's economy its most painful jolt since the 1970s, but the shocks have prodded a paralysed government into taking some drastic action.

Mr Gyorgy Matolcsy, the prime minister's radical economic adviser, yesterday threw down the gauntlet to cabinet colleagues.

He seized the initiative after last week's explosion of public discontent with deteriorating living standards to call for thorough changes to government policy and personnel.

"The treatment of the crisis must not be dragged out but the biggest steps must be taken over a narrow half year," Mr Matolcsy said.

His fast-track programme involves subsidy cuts amounting to Ft50bn (£422m), rapid liberalisation and compulsory privatisation of state companies.

The government's cautious *three-year programme* appears to have fallen by the wayside.

He said that implementation of the new programme would demand "huge sacrifices":

■ the boost to inflation would be more than 35 per cent;

■ a third of state companies would go bankrupt; and

■ unemployment could reach 4 per cent of the labour force.

Economists had already predicted a sharp deterioration in the economy next year. But it was last week's protests against a 65 per cent petrol price rise which finally brought home the depth of the crisis facing Hungary. It is a psychological breakthrough with profound implications.

First, the admission of crisis amounts to an appeal to the west that it cannot take Hungary's economic recovery for granted. The west seems to be listening. The EC has agreed to bring forward the disbursement of the second tranche of its $1bn (£500m) credit to Hungary. Germany, Hungary's biggest trading partner, is holding open the possibility of substantial aid if Hungary embarks on radical reform.

Second, the economic emergency adds to pressure for a resolution of the paralysing cabinet battle between ministers who argue for radical measures and their interventionist, more cautious opponents.

Notions of shock therapy and rapid privatisation, the rejection of which won power for Hungary's conservative coalition in the spring, are no longer taboo. Most importantly, Mr Jozsef Antall, the prime minister, who has arbitrated between his disputing economists, appears to be shifting his weight towards the radicals. Advisers say that he was the main force behind last month's decision to accelerate privatisation.

The transformation of economic policy has come as suddenly as Hungary's economic prospects have deteriorated. Only three months ago, officials were euphoric as the 1990 current account headed for balance after last year's $1.4bn deficit. Companies managed to to redirect production to western markets, pushing hard currency exports up by 15 per cent. But if Hungary were a mythological character, it would be Sisyphus: just as it pushes its economy with great exertion to the watershed of recovery, it falls back again like a stone.

The current account still shows a $300m surplus for the first nine months of 1990. But next year it will plunge into deficit when trade with the Soviet Union – especially oil imports – is conducted at world-market prices.

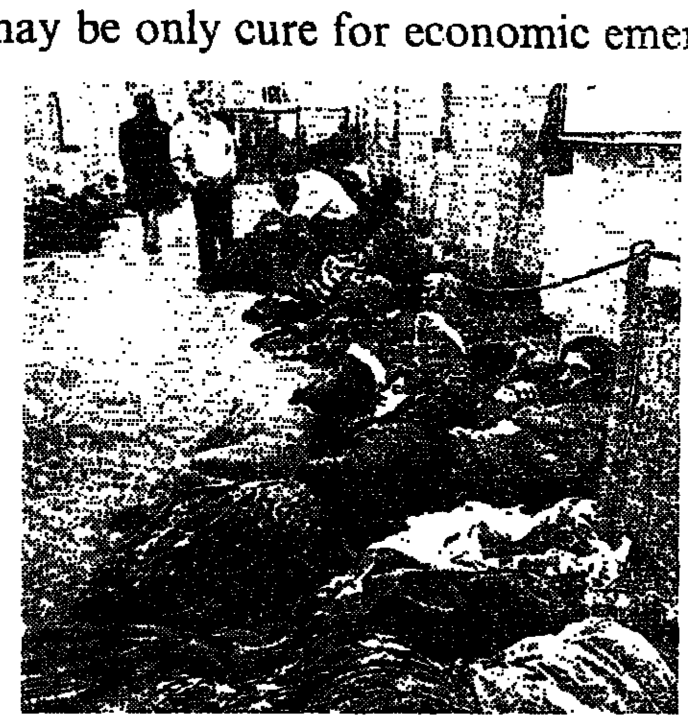
It is therefore no surprise then that the economic projections for 1991 are disastrous.

■ The government forecasts a current account deficit of $1.5bn, an amount which many doubt can be financed.

■ A Ft80-90bn budget deficit is likely to attract criticism from the International Monetary Fund, whose approval Hungary needs to avoid insolvency.

■ Official figures, which err on the pessimistic side, estimate a 5.5 per cent drop in output in 1990 and 3 per cent next year.

Hungary may still be in a far stronger position than other east European countries, but the earlier rosy picture encouraged the impression that Hungary could dismantle its socialist economy gradually and without anything like the pain experienced by Poland. The current doom-mongering in the country, even if overdone, is a salutary antidote.



The rising number of homeless seeking shelter in Budapest station caused staff to go on strike yesterday in protest

Nationalists head for crushing victory in Soviet Georgia

By Leyla Boulton in Moscow

RADICAL nationalists, led by Georgia's most popular independence leader, are set for a crushing victory over the Communist party which has ruled the southern republic for 70 years.

Mr Zviad Gamsakhurdia's Round Table-Free Georgia Bloc has confounded all expectations to pick up at least 54 per cent of the vote in the Soviet Union's first genuine multi-party election, according to results which have yet to be finalised.

"This is a revolution," said Mr Eduard Gasparov, a journalist with the official news agency which has just changed its name to Sakartvelo ("Georgia") from the Russian-sounding Gruzinform.

Mr Gamsakhurdia, 51, a lecturer in Anglo-American literature jailed four times by Communist authorities, will now almost certainly become Georgia's next president.

His victory also paves the way for the republic which was invaded by the Red Army in 1921 to take radical steps to regain the independence it first lost to Russia at the beginning of the 19th century. All pro-independence leaders say, however, that full independence from the Soviet Union will require an unspecified transition period.

Mr Gasparov said the latest unofficial results showed the Communist Party winning 29 per cent of the vote, well behind Mr Gamsakhurdia's alliance of six radical parties. The rest of the vote was split among some two dozen pro-independence groups ranging from the centrist Popular Front to the Georgian Greens.

■ Neighbouring Armenia yesterday decided to stop all exports of foodstuffs to the rest of the Soviet Union with the exception of those agreed under bilateral agreements with individual republics.

■ Leaders of the Communist party of Moldova (Moldavia) flew to Moscow yesterday for talks with President Mikhail Gorbachev on the crisis over the Turkic minority's wish to break away from the southern republic.

An explosion at a chemical plant in the Soviet Ural mountains yesterday killed at least six people and injured 22, according to Tass, Reuter reports from Moscow. Rescue workers were still looking for survivors of the blast, which ripped through an experimental workshop at the end of a working shift. The plant, nine miles from the town of Asbest, made explosives for the mining industry, Tass said.

Irish poll fight intensifies

By Kieran Cooke in Dublin

MR Brian Lenihan, sacked as deputy premier and defence minister by Mr Charles Haughey, the Irish Prime Minister, on Wednesday night, was out on the streets of Dublin yesterday continuing his campaign to become President.

Mr Lenihan – known as "No Problem" Lenihan for his apparently easy-going attitude – told crowds of wellwishers he was not bitter about events and he was confident that come next Wednesday he would be President of Ireland. Mr Haughey has said he is fully behind Mr Lenihan's campaign and has pledged all the Fianna Fail party's resources to ensure his election.

But Mr Lenihan's departure from government has left deep scars not only on the Fianna Fail but also on Ireland's body politic.

Mr Haughey sacked Mr Lenihan to avert defeat in a confidence vote and so avoid a general election, which, he said, would have been contrary to the national interest.

But Mr Haughey's opponents and some members of his own party feel he sacrificed his most trusted friend and colleague – with whom he worked for over 30 years – to save his own political neck.

Fianna Fail is a highly disciplined party and there is no sign of a challenge to Mr Haughey. But Mr Lenihan is immensely popular in the party. Mr Haughey is respected and feared, but Mr Lenihan is loved.

Mr Lenihan was sacked following his refusal to resign after allegations, which he denied, that he had lied in connection with a phone call made in 1982 to the President.

Mr Lenihan's departure from office was the price exacted by the small Progressive Democrats Party, Fianna Fail's coalition partners, for continued support of the government.

Attention is now focused on the presidential election, in which Mr Lenihan is opposed by Mrs Mary Robinson, the candidate backed by the Labour Party and the Workers Party, and Mr Austin Currie, candidate of the main opposition Fine Gael Party.

The contest is seen as a neck and neck race between Mrs Robinson, 46, and Mr Lenihan, 60. Until last week Mr Lenihan appeared to have the presidency won. But latest opinion polls indicate Mrs Robinson, who has run an active campaign and talked of the need for reform in many sectors of Irish society, is now ahead.

Fianna Fail has mobilised its considerable forces behind Mr Lenihan. The former Minister, portrayed as the victim rather than the cause of recent events, can depend on a large sympathy vote. Mrs Robinson has said that the Presidency should not be viewed as some sort of consolation prize and is confident of victory.

Slovaks aim for break with Prague

By Leslie Colitt in Bratislava, Czechoslovakia

THE Slovak National Party (SNS) aims for nothing less than the break-up of Czechoslovakia and the establishment of an independent Slovakia.

This is the view of Mr Vitezslav Moric, the balding 44-year-old engineer who heads the SNS. "We are not against Czechs as a Czech nation which is our Slavic brother," he said at the SNS headquarters in the Slovak capital of Bratislava. "But two brothers want their own households."

However, in contrast to a growing number of Slovak nationalists, the Czechs do not want a separate Czech state. Thus, as a federation, Czechoslovakia is facing its most serious crisis since 1939 when Slovakia, backed by Hitler, set up a Slovak fascist republic.

Inklings of anti-Czech sentiments occurred on Wednesday night when hundreds of Mr Moric's supporters booed President Vaclav Havel, himself a Czech, who was visiting the city.

Since winning 13.9 per cent of the vote in June elections and becoming the third largest party in the Slovak parliament, the SNS has grown increasingly popular as its calls for an independent Slovakia have become more strident. It could even double its vote in local elections later this month and become the second largest party.

One of three Swiss-built locomotives, built before World War One, which arrived in the port of Hamburg from Vietnam yesterday. They were sold to the French railway in Indochina in 1947 and were in service until 1975. They will go into service in Switzerland again after restoration.

Romanians protest at end of price controls

MORE than 1,000 angry Romanians blocked traffic in central Bucharest yesterday as the ruling National Salvation Front government lifted price controls and devalued the national currency, **Reuter reports from Bucharest.**

The protesters thronged the central University Square, chanting anti-government slogans, and calling for the resignation of President Ion Iliescu.

The ruling that prices on everything except staple foods, electricity, heating, petrol and rent should be set according to supply and demand came into effect on yesterday.

It was meant to break with 45 years of central economic planning. Shop shelves in most parts of the country were largely emptied by panic buying ahead of the price changes.

Police kept a low profile but police vans could be seen on nearby side-streets.

The package of tough economic measures which the prime minister, Mr Petre Roman, presented to parliament two weeks ago stipulates an end to price control and a devaluation. It was the first major breakthrough to switch Romania to a market economy since the December 1989 revolt toppled Nicolae Ceausescu.

British proposal for hard Ecu 'non-starter'

BRITAIN'S plans for a hard Ecu are flawed because to work effectively they would require member states to transfer monetary sovereignty to a new pan-European organisation before they are ready to do so, a senior European Commission official said yesterday, **Peter Marsh writes.**

Mr André Louw of the commission's directorate of economic affairs said the UK proposal was a "non-starter" because of this difficulty.

The comments by Mr Louw underline the pressures facing Britain to modify its proposals on the hard Ecu if they are to win acceptance by the rest of the EC. The ideas will be discussed at an intergovernmental conference on European economic and monetary union (Emu) in Rome next month.

Mr Louw, who was speaking in London, is on a three-year secondment from the commission to the Paris-based Ecu Banking Association, of which he is secretary general. This is a private-sector body backed by about 80 European banks which promotes the existing soft Ecu – a notional financial unit based on a basket of EC currencies.

Mr Louw said a basic problem with the UK's proposal concerned its plan for a new government-backed European Monetary Fund (EMF) to administer the hard Ecu.

The officials from European central banks, who under UK proposals would run the fund, would lack the necessary authority to take tough decisions on a pan-European basis and would instead follow policies that benefited national governments. That would lead to ineffective action, Mr Louw suggested.

Sweden cuts interest rates after record cash inflow

By John Burton in Stockholm

Sweden's central bank (Riksbank) yesterday lowered (short-term market interest rates for the second time this week to 15 per cent after a record currency inflow of SKr27.2bn into the country in the past two weeks.

The Riksbank two weeks ago raised rates by 5 percentage points to 17 per cent to prevent a run on the krona in the wake of devaluation speculation and to curb a huge currency outflow. Its success in attracting investment in Swedish bonds has now led the Riksbank to reduce its lending rate as Swedish bond yields fall.

Swedish bank economists believe that the government's economic austerity package, despite initial sceptical reaction after it was announced last Friday, has also helped restore market confidence with its promises of state budget cuts and an eventual Swedish application to join the European Community.

Budget impasse threatens Danish coalition

Speculation that an early general election will be called in Denmark in the next few days mounted yesterday when Prime Minister Poul Schlüter's minority coalition failed to obtain backing from non-government parties for the 1991 budget, Hilary Barnes writes from Copenhagen

The government needs support from either the opposition Social Democrats or the right-wing populist Progress Party in order to pass the budget in December.

The Progress Party is so riven by internal dissent that the government cannot rely on it to deliver the necessary votes. The Social Democrats have been negotiating a deal with the government for several weeks but appear to have more reservations than are acceptable to the coalition.

The government's key proposal is a reduction in the top marginal rate of income tax from 68 to 62 per cent.

Greece proposes electoral change

Greece's ruling conservatives yesterday proposed a new electoral law to parliament, rejecting opposition charges that a crucial clause in the bill is unconstitutional, Kerin Hope writes from Athens.

The bill seeks to ensure that one party can win an overall parliamentary majority with 43-44 per cent of the vote, by awarding up to 15 additional seats to the front-runner, according to the size of its lead over the second-ranked party. But parties who join forces to fight an election would not be eligible to receive extra seats.

BAe is granted satellite licence

British Aerospace yesterday announced it had received a licence from the German government to operate private satellite services, writes Paul Abrahams.

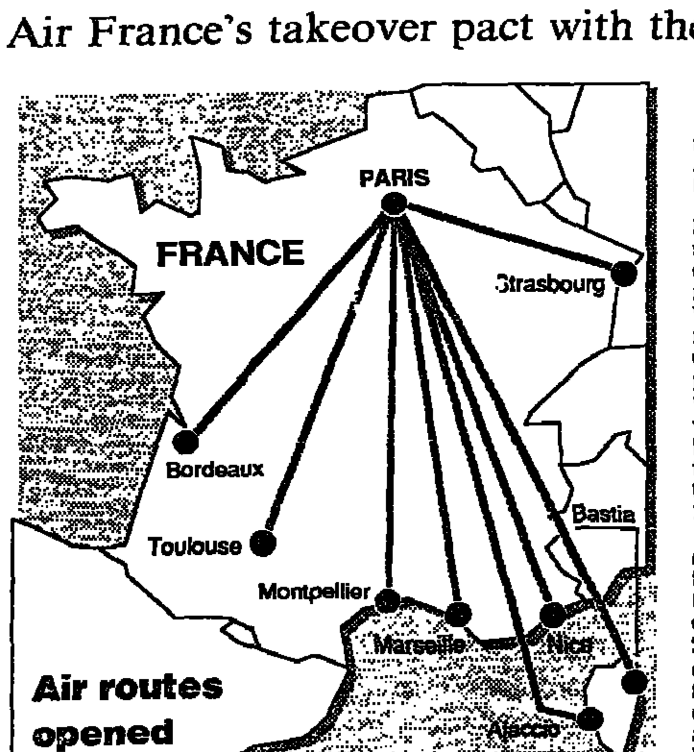
The licence allows BAe to provide two-way and international data and video services in Germany for corporate clients. BAe has also been given permission to use transponders on Inmarsat, Intelsat and the German Bundespost's own satellite, Copernicus.

FT breaks into east Europe TV

Publieurope International, part of Mr Silvio Berlusconi's Italian media empire, has commissioned Financial Times Television to produce a weekly business programme to be shown on national television in the Soviet Union, Czechoslovakia, Poland and Hungary starting early next year.

Independent French airlines to redraw the route map

Air France's takeover pact with the EC provides opportunities and pitfalls, **William Dawkins** writes



FRANCE'S independent airlines are preparing to scramble for a share of the routes put up for grabs by Air France's agreement with the European Commission.

The liberalisation demanded by Brussels as a condition of state-owned Air France's takeover of its two main national rivals, the long haul carrier, UTA, and the monopoly internal airline, Air Inter, means eight routes representing 52 per cent of internal air traffic will be made available to private airlines in two stages by March 1992. Up to 50 international routes will also be open to competition by January 1992.

The hope is that increased competition will make fares fall. Yet this will only make a tiny dent in Air France's 97 per cent monopoly – more than 30m passengers annually – of overall French-carried air traffic. Judging by the the losses experienced by independent airlines after liberalisation in Britain and the US, France's independent operators can expect a tough time. And the wider deregulation of European Community air transport after 1993 means they will have to compete not just against Air France and its subsidiaries, but other national carriers.

Some of the French independents think the liberalisation on offer is too little too late.

"With the time-table they have fixed, we will lose the war," says Mr René Fernand Meyer, chairman of Minerve, the small charter airline, who argues that it does not leave enough time to prepare for the full opening of the French market in 1993. "We asked for 25 lines ... but this is chickenfeed," he adds.

Minerve and Air Liberté, another charter airline, are relatively well equipped to compete thanks to the presence of rich corporate shareholders, respectively the Club Méditerranée and Groupe Aquarius. Despite Mr Meyer's worries, there is no sign that they will shy away from applying for the liberalised routes. By far the most valuable of the first four routes, due for free competition by next March, is Paris-Nice, estimated to be worth up to FFr1bn (£100m) in annual ticket sales by Mr Jean-Luc Joly, Air Liberté's managing director.

Then there are two routes from the French capital to the Corsican cities of Bastia and Ajaccio, plus Paris to Strasbourg. These are worth FFr100m to FFr200m in annual turnover each, reckons Mr Joly.

The next lot, due for liberalisation by the following March, link the busy Paris routes to Marseilles, Toulouse, Montpellier and Bordeaux.

The big loser is Air Inter, from which all these domestic routes will be prised. But it does not get much sympathy from the government, whose appetite for airline competition was sharpened by the latest in a series of damaging strikes at Air Inter last August, the fourth holiday season in which Air Inter hit stoppages.

Clearly, it is too early for the independents to be sure which routes they will apply for, though Air Liberté makes no secret that it would like to get its hands on Paris-Nice, and Corse Air – a subsidiary of the travel agency Nouvelles Frontières and a partner of Air Liberté – has said it will apply for the two Corsican routes.

Another important unknown is the strategy of Transport Aérien Français (TAT), France's largest regional carrier, 35 per cent owned by Air France, which must sell its TAT stake by June 1992. Brussels hopes the newly independent TAT will stimulate liberalisation by snapping up some new routes.

The Tours-based carrier says it wants to be a "big player in the French, European and intercontinental networks", and that it is preparing to raise capital for that purpose. But it adds in a cautious statement: "Our co-operation with Air France, which started nearly 20 years ago, will go on in the years to come." Old friendships do not change easily.

Paris to give Corsicans more power

THE French cabinet has tabled controversial plans to hand more power to Corsica, France's poorest region, and to recognise for the first time the existence of a Corsican people, William Dawkins writes.

This threatens to be politically explosive both in Corsica and on the mainland because it rekindles the long and damaging debate on Corsican nationalism, a sore point on the French political conscience.

Legal recognition of the Corsican people would technically contravene the indivisibility of the France, as laid down in the constitution of the 1958 Fifth Republic. The French parliament will debate the scheme at the end of the month.

Respectable political parties on both the Corsican right and left are likely to see that part of the plan as a threat to their French nationality. At the same time, separatists could take it as a vindication of their claims, contrary to the government's hopes that the plan will help neutralise nationalism.

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WORLD TRADE NEWS

Prospects unclear for Uruguay Round ministerial crisis talks

UNCERTAINTY yesterday shrouded the plan for trade ministers to resolve the crisis in the Uruguay Round trade talks in private meetings here at the weekend and on Monday, writes William Dullforce in Geneva.

Mr Frans Andriessen, the European Community's trade commissioner, had not made up his mind whether he would come at all, EC officials said. Mrs Carla Hills, the US trade representative, was ready to come, if anything useful could be achieved, US officials said.

A judgment on whether whe would attend would be made today or tomorrow but she was in any case unlikely to arrive before Monday.

The G-15 group of leading developing countries said it was postponing the meeting of ministers scheduled here for next Tuesday and Wednesday.

This means few Third World ministers will be available for top-level discussions over the next three days. Only the Cairns Group of 13 farm exporting nations, led by Australia, is going ahead.

In a two-day meeting starting on Sunday its ministers will decide how to respond to the EC's inability to agree on, and submit, an offer to cut farm subsidies.

Brussels' failure to come up with a firm proposal on agriculture has opened up the prospect that the four-year trade liberalising exercise may break down just five weeks before it is due to draw to a close.

Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, will today spell out the parlous state of the talks in a report to an informal meeting of the Trade Negotiations Committee (TNC), the governing body of the Uruguay Round.

He had hoped his report would set the stage for a series of private ministerial meetings over the following three days that could solve some outstanding problems and allow the round to be put back on the rails at a second informal TNC meeting on Tuesday.

However, ministers had reacted "by diving for cover", a senior official commented yesterday.

Mr Andriessen has been reluctant to face the opprobrium that would be flung at the EC before he has a Community farm proposal in his hand. Mrs Hills appears to be equally loath to submit to pressure for US concessions before the EC's position is clarified.

Negotiators from developing countries said their ministers would wait and see how the US and the EC intended to face up to their responsibilities before suggesting Third World answers to the critical situation. A joint meeting of EC farm and trade ministers is provisionally scheduled to take place in Brussels on Monday afternoon.

US trade negotiator is counting the days

By Nancy Dunne in Washington

THE countdown to the Uruguay Round finale in December is registered each day on a board outside the office of Ambassador Julius Katz, deputy US trade representative and a veteran trade negotiator.

Thirty-five more days, 33, 32.... It could all be over sooner if the Cairns Group, 13 agricultural exporting nations, decides to walk out of the Uruguay Round when its trade ministers meet on Monday.

Inside the office, Mr Katz expressed his displeasure with the European Community for not accepting the inevitable – that the Common Agricultural Policy, as it operates today, is doomed. EC consumers and taxpayers will not long bear the cost, he says.

Already, 60 per cent of the Community's farmers work only part-time on their land. Chemical usage is poisoning the groundwater; waste disposal is a serious problem. The "stabilisers" negotiated a few years ago to reduce surpluses have failed to prevent a new build-up in stocks, and costs have skyrocketed to $9bn-$12bn this year.

Mr Katz and Mrs Carla Hills, the US Trade Representative, are mulling over the possibility of flying into Geneva at the weekend to consult with other ministers. "It depends what can be done," he says.

Gloom pervades the trade representative's office, but Mr Katz says agreement is still possible: "The corpse is still alive." He seems to have no wonder drugs in reserve. The deadlock is not between the US and the EC, he says. It is the EC deadlocked with itself.

Meanwhile, Congress is adding to the stress. The number of Senators signing on to a resolution withdrawing fast-track negotiating authority – meaning a Gatt agreement could then be amended – has risen to 37.

Ninety members of the House signed a letter to President Bush demanding a higher priority for manufacturing in the Round.

Among other demands, the letter calls on the Administration to preserve US trade laws, like the controversial section 301, and "to retain the vigour of antidumping and countervailing duty laws" which many negotiating partners want changed.

The impasse over agriculture remains, even if the Community resolves its own disagreements. The US has proposed a 75 per cent reduction in agricultural supports; the EC cannot even agree on 30 per cent. And, Mr Katz says, the 30 per cent hardly matters. What is important is a elimination of export subsidies and agreement to improve market access.


Katz: EC 'deadlocked'

"The bad news is that the Community doesn't have an offer; the good news is that it doesn't have an offer," he says.

What keeps hope alive? The same problems which brought the launch of the round remain. There is still the need for rules in new areas – services, intellectual property rights, investment – still the desire by the developing countries for new markets for their textiles and farm products.

Mr Katz still insists that the round cannot be extended "as a practical matter".

British minister remains optimistic about outcome

By Peter Montagnon, World Trade Editor

THE Uruguay Round of multilateral trade negotiations could still end with a strong overall result despite the current impasse on farm reform, Mr Tim Sainsbury, UK trade minister, said yesterday.

"I don't see any reason why we don't have the possibility of achieving the sort of total package which we aimed to get in the first place," he said in an interview.

However, it was essential for the EC to agree on proposals for farm reform which could be put on Gatt's table. Though this offer was unlikely to satisfy the US or other leading farm exporters, it would permit negotiation to resume in other areas of the round.

Talks on the non-farm part of the agenda have almost ground to a halt because of the farm problem, but Mr Sainsbury said there was still scope for a strong Uruguay Round result in a number of areas, including tariff cuts and dispute settlement rules on investment and intellectual property enforcement.

Europe's inability to agree on a farm reform proposal was none the less "potentially very dangerous to the outcome of the round", he said.

Asked about prospects for the meeting of farm and trade ministers next Monday, he said: "Logic says we ought to have a deal. Experience doesn't lend confidence."

Mr Jacques Delors, European Commission president, has now taken an active role in trying to break the deadlock.

Boeing 777 contract won by GEC unit

By Paul Betts, Aerospace Correspondent

BOEING, the US aircraft manufacturer, has awarded the contract to supply the "fly-by-wire" electronic control system for the its new 777 wide-body twin-engine jet to GEC Avionics, the avionics arm of Britain's General Electric Company. The deal will be worth several million pounds over the life of the 777 programme.

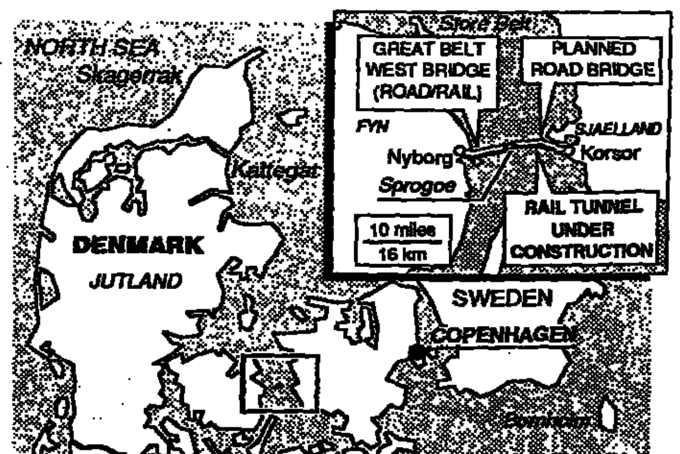
GEC Avionics is a leading maker of electronic flight controls for aircraft.

The company supplies secondary flight controls for the Airbus A320, A310 and A300. It declined to value the contract since this would depend on the number of aircraft Boeing sells.

On Monday Boeing formally launched its $4bn-$5bn programme to develop the 777 after securing a launch order for the new aircraft from United Airlines, the US carrier.

It will be the first Boeing airliner to use "fly-by-wire" technology as its primary control system. The smaller Airbus A320 pioneered this technology in commercial airliners.

"Fly-by-wire" improves aircraft performance by replacing the traditional mechanical connections between the pilot's controls and the aircraft actuators with electronic systems.



Howden and MT Group act to settle row on tunnel delay

By Hilary Barnes in Copenhagen

JAMES HOWDEN, the Glasgow engineering firm, and MT Group, a Danish-led international consortium, have agreed to go to arbitration to settle differences over the reasons for serious delays to one of Europe's biggest construction products.

Mr Kaj Schoning, managing director Monberg & Thorsen, Danish leader of the consortium, refused to confirm reports in the trade press in both countries that the claims which the two partes have against each other may run to £10m ($19.4m).

"The claims are substantial," was all he would say.

The problems arise over the construction of a rail tunnel under the eastern side of the Great Belt – the Baltic Sea's main shipping lane.

The tunnel is one of three parts to a DKr18bn ($3bn) project to build a permanent road and rail link across the Belt, which will complete the links between Sjaelland and the Jutland peninsula.

The other two parts are a road and rail bridge across the western side of the Belt to the mid-Belt island of Sprogoe and a road-only bridge across the eastern half.

Howden delivered four tunnelling machines, but they arrived six months behind schedule, and when the first machine went into action on August 30 it broke down because of metal fragments in the hydraulics system.

The delays have contributed to a halving in the price of shares in Monberg & Thorsen Holding in Copenhagen.

Howden, said Mr Schoning, accepts responsibility for the problems with the hydraulics.

The dispute is over the reason for the delivery delay which Howden says was due to the many changes demanded by the consortium in the specifications for the machines.

According to Howden, the machines it delivered were different from those originally ordered.

The consortium faces stiff financial penalties if the tunnelling is not completed on time.

The other members of the consortium are Sogea and Campinon Berhard, France, Dyckerhoff & Widmann, Germany, and Kiewitt Construction, USA.

However, at meetings this week in Copenhagen Howden and MT Group agreed to set aside their differences over the problems and have entered into an agreement for stronger mutual co-operation on the site in the expecation that they will get the tunnel completed on time.

Brazil takes delivery of Ladas from Soviet Union

By Christina Lamb in Rio de Janeiro

BRAZIL'S largest shipment of foreign cars since 1957 began this week with the arrival of 3,002 Ladas from the Soviet Union.

The contract for a total of 65,000 vehicles over the next year was made possible by the opening of Brazil's highly protected car market, announced by President Fernando Collor in August.

As part of Brazil's new trade liberalisation, non-tariff barriers prohibiting imports were ended, import tariffs of several hundred per cent were slashed and price controls removed.

The move is likely to end the stranglehold of four multinationals which now account for more than 98 per cent of car sales in Brazil. Autolatina, the holding company for Volkswagen and Ford, is the largest, with 63 per cent, followed by General Motors and Fiat, the most recent entrant.

The three types of Lada will be sold for between $8,000 and $14,000, substantially undercutting competitors. Mr Paolo Ricardo Braga, the company's public relations manager in Brazil, said that this was higher than Ladas sell for in other countries, but pointed out that even with recent reductions Brazilian import tariffs are 85 per cent.

Brazil is the 117th country to which Ladas are imported and Mr Braga said he expected them to sell very well. "We think Brazil is a perfect market. Our cars are not for millionaires but are cheap, robust and popular." So far the company has 80 outlets which it hopes to raise to 140 by the end of this year.

Lada is expected to be followed by other foreign companies such as Mitsubishi, while both Landrover and Nissan have been studying setting up assembly plants in Brazil.

Toyota has already bought a site near the business centre of São Paulo.

THE MIDDLE EAST

Few safe bets in war prediction

Three months after Iraq's invasion of Kuwait, **David White,** Defence Correspondent, considers the tactical theorists of the phoney war

WAR? What war? Probably never has there been such a waiting period in which possible courses of a war have been bandied about so publicly and for so long without an exchange of fire as in the present confrontation in the Gulf.

The "phoney war" or *drôle de guerre* of late 1939 and early 1940 lasted longer, but was really only a lull in land operations in a war already begun and, at sea, unabated.

In April 1982, while the British task force was on its three-week voyage to the Falklands, tactical theorists filled the vacuum in much the same way as now. But few predictions on the course of that conflict hit the mark.

The stand-off on the Saudi-Kuwaiti border has been going on longer than the whole Falklands conflict – from Argentine invasion to surrender. While the only shots fired by US and allied forces have been in practice or across the bows of freighters, commentators and TV networks have rehearsed in detail how a war might go. At least two versions have claimed to be disclosures of secret US invasion plans.

"It's like a Middle East version of 'Oh! What a Lovely War' (a musical lampoon of the first world war)," protests Mr David Bolton, director of London's Royal United Services Institute for Defence Studies.

The only safe bets if it comes to war, he says, is that it will be an "all-arms" battle; it will involve a measure of manoeuvre for the US and its allies to secure positions of advantage; and the initial emphasis will be on air power.

"Once in a war, many of the assumptions go out of the window. It's very difficult to control."

Decisive – and unknown – factors would be the morale and effectiveness of both sides in battle. The equipment now in north-eastern Saudi Arabia is largely untested in desert conditions and much of it – US Abrams and British Challenger tanks, for instance, or Tornado aircraft – never used in battle.

Some European experts are critical of American "gung-ho attitudes". Said one: "They believe if they get the kit they're going to win. There's a lot more to it than that."

There are several crucial areas of uncertainty:

● **The length of conflict.** According to one version the US would aim to complete the war in four days, destroying the Iraqi air force and missile sites in six hours, wiping out arms depots, strategic industrial sites and command bunkers, attacking Iraq's massed armour, cutting off links between Iraq and Kuwait and recapturing the occupied state.

Others have suggested that the initial air war might last several days before Iraqi ground forces were taken on or a landing operation was mounted. A prolonged conflict would raise the question of how the Arab-Western alliance holds together. The cost to the participants would increase immeasurably. Equally, the effect of sanctions on Iraq's ability to sustain and resupply its forces would rapidly become evident.

● **Iraq's capabilities.** In the air, electronic warfare technology is vital to the calculations of the US and its allies. But there is uncertainty about the Iraqis' air defences. Can they operate Kuwait's US-supplied Hawk missiles? Can all their air-defence radars, some of which are reported to have been switched off, be pinpointed? How much of Iraq's air force – largely unproven during the Iran-Iraq war and mostly obsolescent – would survive? How long would runways be out of service? How many Scud and Frog surface-to-surface missiles would remain for retaliation?

On the ground, would Iraqi soldiers be as dogged holding on to Kuwaiti territory as they previously showed themselves to be in static defence of their own land?

How would the various tanks perform? The Abrams and Challengers are considered superior to the best Iraqi tanks, Soviet-made T-72s, and certainly to the ancient T-55s which, it is expected, would be the first to reinforce Iraqi infantry forces lined up behind the Kuwait-Saudi border. But attacking forces would have to contend with sandworks, minefields and long-range artillery. And the envisaged "air-land battle" – reliance on aircraft and attack helicopters against heavier Iraqi armoured forces – would be breaking new ground.

● **Command and control.** Against the complex command structure set up by the Saudis and Americans, Iraq might be considered better off with its single command. But how effective would it be? Iraq's estimated 395,000 soldiers in and around Kuwait are believed to consist of three army corps, but little is known about the command organisation. How good would its communications be?

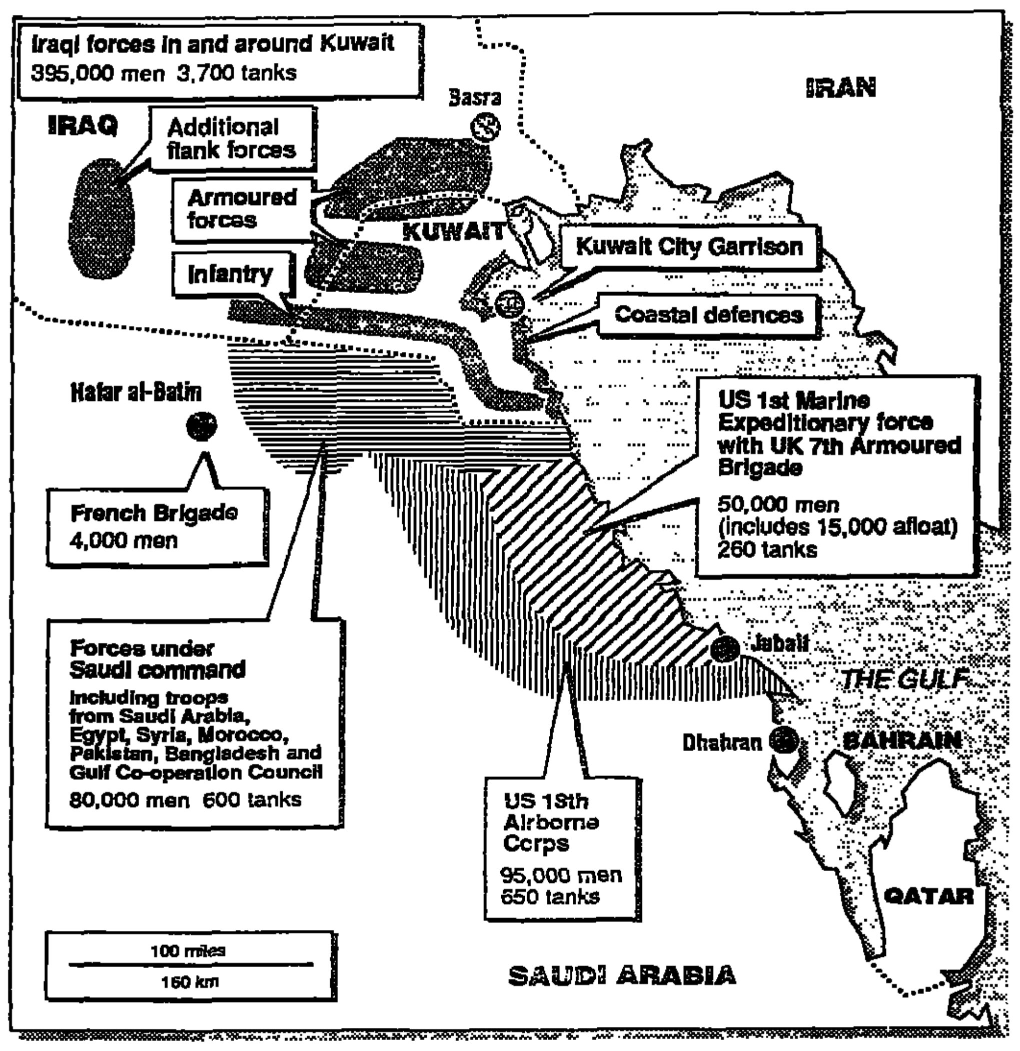
On the opposing side, if US commanders are banking on fighting at night to exploit their technological edge, how successful would allied forces be in distinguishing between friend and foe?

● *Losses.* Speculation on casualty rates – a report in the French magazine L'Express forecast up to 20,000 dead for the US alone – is rife. But nobody can tell. Even military projections are established on test ranges and are frequently very different from the results encountered in battle, with all the incalculable aspects of the "fog of war."

● **Terror weapons.** It is not known how far Iraq has progressed on fuel-air explosives, which spread a cloud of fuel gas and detonate it, or whether it would use them. Also unknown is under what circumstances it might resort to chemical or biological weapons. It has varied means for chemical attack but it is debatable how effective these weapons would be against a mobile enemy in the desert. Would Iraq be deterred from such an escalation if its opponents made clear their aim was limited to the liberation of Kuwait?

Any military action would involve air strikes into Iraq itself, but it could be restricted in its political objective, and land and amphibious operations could be limited to Kuwait territory or immediately adjacent areas.

That, however, is also an unanswered question: how far, for the US and its allies, the objectives of a war would go.



Japanese plan to resume loans to Mideast

By Stefan Wagstyl in Tokyo

JAPANESE banks, which were accused of over-reacting to the Middle East crisis by rapidly cutting credit lines to countries in the region, are being put under discreet pressure by the Ministry of Finance in Tokyo to reconsider their decisions.

Mr Makoto Utsumi, vice-minister for international affairs, said yesterday the ministry had not given any formal guidance to banks on the matter. But in private conversations, officials had told bankers that they had over-reacted, said Mr Utsumi.

Mr Utsumi's comments, made at a meeting with foreign journalists, are the latest contribution to an argument in Tokyo about who was responsible for the banks' sudden withdrawal of credit and personnel from the Gulf region immediately after Iraq invaded Kuwait.

According to bankers in the region and in London, Japanese banks caused considerable disruption in the Middle East banking market just at the time when it was most vulnerable to shock. Bankers in London saw the Japanese move as one sign of the pressures Japanese banks face on the wake of this year's turmoil in Japanese financial markets.

One top Japanese banker in Tokyo blamed the Finance Ministry for the withdrawal, saying that ministry officials had indicated that they wanted the banks out of a potential war zone.

But Mr Utsumi denied this version of events, saying that the ministry's instructions had been limited to freezing Kuwaiti assets in Japan (to prevent them being seized by the Iraqi occupation authorities), and later to a ban on all transfers of assets to Iraq.

Mr Utsumi said Japanese banks had over-reacted. They were used to doing business in peacetime.

Syria 'holds key to UK hostages release'

By Lara Marlowe in Damascus

BRITAIN'S three hostages held in Lebanon are unlikely to be freed unless Britain restores diplomatic relations with Damascus, a Syrian minister has indicated.

Mr Mohammad Salman, Syria's information minister, denied that Damascus was formally linking the hostages' release to the resumption of ties. But he said that no hostages have been released without Syrian intervention and implied that there could be no progress on the hostages without renewed ties.

"Co-ordination with the governments of the United States, France and Switzerland resulted in the release of a number of hostages," Mr Salman said. "Hence if we had relations with Britain, there would be similar co-ordination with the British Government to secure the release of the British hostages."

Hopes for the release of Mr Terry Waite, Mr John McCarthy and Mr Jackie Mann rose in September after Britain restored diplomatic relations with Iran. But Britain's relations with Syria have since emerged as a sticking point.

In London yesterday, Mr John Lyttle, spokesman for the Archbishop of Canterbury, urged the British Government to restore ties with Damascus to assure the hostages' release, saying the government's refusal to talk to Syria was "a bloody silly way to conduct foreign policy".

Diplomatic relations with Syria were severed in October 1986, six months after Britain alleged the complicity of Syrian diplomats in the attempted bombing of an El Al flight bound from London. Mr Nizar Hindawi, a Jordanian, was convicted of hiding a bomb in the luggage of his Irish girlfriend who was booked on the El Al flight.

British officials maintain that Iran remains central to securing any releases. "Iran is the real power broker with Hizbollah," a British diplomat in the region said. "The Syrian role has been merely to receive hostages."

But pro-Iranian Shia Moslems in Beirut insist that Iran and Syria have agreed that the hostages will not be freed without both countries' consent. Syria controls the access of Iranian diplomats, clerics and Revolutionary Guards to Lebanon.

Syria had hoped for resumed diplomatic ties after Britain had praised its decision to join the multinational force against Iraq. Britain also lifted its veto on a $192m development loan from the European Community.

But relations soured in October when Mr Douglas Hurd, the British foreign secretary, twice cited Syrian involvement in the attempted El Al bombing as an obstacle to renewing ties.

Britain refuses to forgive what it claims to be incontrovertible court evidence of Syrian involvement in the attempted bombing. Syria has rejected British demands that it discipline Mr Lotfallah Haidar, Syria's ambassador to London at the time, and General Mohammed Khouli, the former chief of air force intelligence who allegedly planned the operation.

Mr Salman claimed that Mossad, the Israeli secret service, set up the Hindawi affair to discredit Syria. He said Mrs Thatcher had been unduly influenced by the Jewish lobby.

However, Syria was also angered at an EC vote on October 22, taken after strong British pressure, to maintain a ban on arms sales to Syria and keep restrictions on the number of Syrian officials in Europe.

British diplomats say they have "heard nothing" about the fate of the three hostages since the EC vote.

"Britain cannot hope to participate in the solution of Middle East problems while it ignores Syria," Mr Salman said. "The United States and the Soviet Union have gained influence at Britain's expense, and other European countries have taken trade that might have been Britain's."

Israelis bomb Lebanese target

By Hugh Carnegy in Jerusalem

ISRAELI Air Force jets yesterday bombed targets in Lebanon for the second time in just over a week, attacking positions in the Bekaa Valley north of the border zone occupied by Israeli forces.

Until last week, Israeli jets had not raided Lebanon since the Iraqi invasion of Kuwait in early August as part of its policy of maintaining a low profile in the Middle East crisis. However, recent Syrian military action against Christian rebels in Beirut alarmed Israelis.

The raid was aimed at or near the village of Majdal Balhis where both Palestinian and Hizbollah Islamic fundamentalist guerrillas are said to hold positions.

● An Israeli factory owner was in a serious condition last night after being stabbed by a Palestinian former employee in the latest in a series of violent attacks on Jews within Israel's pre-1967 borders.

Geneva Convention forum on Palestinians suggested

By Michael Littlejohns at the United Nations

MR JAVIER Pérez de Cuéllar, the UN secretary general, yesterday suggested the convening of a meeting of states which are party to the Fourth Geneva Convention to discuss measures to protect Palestinians under Israeli rule.

He said this might be arranged by the Security Council, which should also decide its response to the Palestinians' call for an impartial, UN-mandated presence to provide them with "a credible sense of protection".

In a written report to the council made at its request following the October 8 killings of at least 17 Palestinian demonstrators by Israeli paramilitary forces in Old Jerusalem, he said numerous appeals to the Israeli authorities to abide by their obligations under the convention "have been ineffective".

The convention, concluded in August 1949, was designed to protect civilians in time of war. A total of 164 states are parties. Noting that these states had the special responsibility to ensure respect for the document, Mr Pérez de Cuéllar said the Palestinians had a profound feeling of vulnerability. This was compounded by their view that they had no recourse to any authority other than security forces, who were so often responsible for what was done to them.

It was evident, he said, that for any measure of protection to be ensured, the Israeli authorities' co-operation was absolutely essential.

Ignoring Israeli and American-Jewish protests, the US voted for two Security Council resolutions rebuking the Israeli authorities over the Jerusalem incident and calling on them to receive a UN mission of inquiry.

A report published by the Israeli government last Friday on its own inquiry sharply criticised police commanders. But it said the actual killers were blameless.

Sanctions cost China $2bn

By Peter Ellingsen in Peking

OBSERVING United Nations sanctions against Iraq has cost China $2bn, according to Li Jinhua, a Foreign Ministry spokeswoman. She refused to say how much of the loss reflected a halt in arms sales.

The figure, which does not include outstanding loans to Iraq, suggests Peking was selling a high volume of arms to Baghdad before the invasion of Kuwait. Other losses would come from the drying up of remittances by thousands of Chinese contract workers forced out of Iraq.

China has denied it sold chemicals for use in chemical weapons to Iraq after the UN sanctions were imposed.

OTHER INTERNATIONAL NEWS

'Insulted' Muldoon declines offer of junior post

By Dai Hayward in Wellington

SIR Robert Muldoon, the former New Zealand prime minister, yesterday refused the offer of a junior ministerial post in the newly elected government of Mr Jim Bolger and warned that he might publicly criticise government economic policy.

He said the right-wing Mrs Ruth Richardson, who was yesterday made finance minister, would not have been his choice for that portfolio. Her appointment, said Sir Robert, "could be Bolger's first mistake".

Asked if he intended to be a thorn in the side of government, Sir Robert replied: "Not so much a thorn as a little prick" – a remark he was happy to repeat later when questioned.

Mr Bolger offered Sir Robert the posts of minister of state, minister of Pacific island affairs and minister in charge of racing. These posts are outside the 18-member cabinet but still subject to collective responsibility and required to defend cabinet decisions.

Sir Robert regarded exclusion from cabinet as an insult. He was not prepared to remain silent on economic issues he opposed but on which he had no input into cabinet discussion. He is considering introducing a private member's bill to amend the Reserve Bank Act, which requires the bank to achieve a nil to 2 per cent inflation level within two years.

Mrs Richardson says she herself wants to extend the period to three years, which would allow some easing of monetary policy.

Pointing to his 30 years' experience in parliament, and the fact that three of the new cabinet ministers have served only three years, Sir Robert said: "I'm better qualified to give a better opinion than at least half of those in cabinet."

Mr Bolger said he expected all cabinet ministers to observe the collective responsibility tradition and present a united front on cabinet decisions. This tradition was last night questioned by the new minister of Maori affairs, Mr Winston Peters, who has clashed frequently with Mr Bolger over economic and other policies in the past few months. Last night Mr Peters said he would still speak his mind even if this differed from the official cabinet line.

There were no real surprises in Mr Bolger's cabinet line up. Mr Don McKinnon is deputy prime minister and foreign minister, Mr Richard Burdon overseas trade, Mr John Falloon agriculture and Mr Warren Cooper defence.

Mr Bolger made it clear yesterday that despite hopes expressed by some US senators New Zealand would not reverse its anti-nuclear stand, which bans nuclear armed warships from its ports.

Jim Bolger: 'insulting' offer to Muldoon

Nigerian bank debt discussions fail

By Tony Hawkins

NIGERIA and the London Club of commercial bank creditors have failed to agree on a rescheduling package for the country's $5.6bn of bank debt.

During a three-day meeting in London, Nigeria offered to buy back 60 per cent of its bank debt at a deep discount, but the banks rejected the package in that form.

Talks are unlikely to resume before Christmas, but both sides said yesterday significant progress had been achieved.

The Nigerian delegation, led by Alhaji Abubakar Alhaji, the new and respected finance minister, put forward proposals similar to an agreement reached by Costa Rica with its banks a year ago.

Banks willing to sell at least 60 per cent of their Nigerian paper at a deep discount – the current secondary market price is around 32 cents – would be able to convert the balance into 30-year bonds carrying interest at 6.25 per cent annually, with a 12-month rolling guarantee of interest payments. The principal would be secured through a 30-year zero coupon US Treasury bond as collateral.

There is a third option on offer, too – a traditional rescheduling package with interest payments linked to Libor, though it is understood that Lagos has put a ceiling of five per cent on the amount of debt which would be treated in this way.

The Nigerians are anxious to buy back as much of the debt as the banks will put on the table. One official said Lagos was willing to repurchase as much as 82 per cent of the debt.

Nigeria softened its buyback terms this week, raising the interest rate from the previously suggested 5 per cent and agreeing to make a $200m lump sum payment to cover interest arrears.

The arrears arose from its unilateral decision earlier this year announced by the former Finance Minister, Chief Olu Felae to reduce the interest rate to three per cent from 9.5 per cent.

The banks say the proposal is not voluntary to the extent that those banks which do not accept the terms would be forced to accept the status quo of a 30-year bond with no guarantees.

Bankers believe that Lagos has already repurchased up to $1.5bn of its foreign debt although such purchases contravene agreements that require all creditors to be treated equally.

In the 1990 budget, Nigeria earmarked $2.1bn for debt service but in the first half of the year debt service payments exceeded $2.7bn.

The surge in oil prices since the Gulf crisis has raised creditor expectations of more generous rescheduling proposals by Nigeria.

The country's 1990 foreign exchange budget forecast oil earnings of $6.8bn but in the first half of the year, with an average oil price or $18.3 a barrel, the country earned $4.9bn from oil exports.

Oil revenues for the year are now forecast at $12bn. Mr Alhaji left London yesterday for Washington where he will meet International Monetary Fund officials to finalise a letter of intent as part of a new IMF standby agreement which goes to the fund board later this month.

Pakistani party acclaims Sharif

By Roger Matthews and Farhan Bokhari in Islamabad

PAKISTAN'S Islamic Democratic Alliance last night unanimously acclaimed Mr Nawaz Sharif as the country's next prime minister, ending speculation that the powerful military establishment might seek to block his appointment.

Mr Sharif led his party to a convincing general election victory last week, beating off the challenge of Ms Benazir Bhutto who in August was dismissed by President Ghulam Ishaq Khan.

In an apparently conciliatory statement, Mr Sharif said last night that he would not seek to have further charges laid against Ms Bhutto. However, he gave no indication that the seven charges already outstanding, accusing her of corruption and misuse of office, would be dropped. "We will not initiate any further cases through the Government of Pakistan but we have no control over those cases which are already in the courts", he said.

Ms Bhutto alleges that voting last week in the general election was rigged and has demanded new polling in 100 constituencies. She plans to preside over a meeting of the Pakistan Democratic Alliance later today in Islamabad, during which tactics for challenging the election result will be discussed.

Mr Sharif, a 41-year-old businessman from Punjab, is the first premier not to have come from one of Pakistan's main land-owning families. He was brought into prominence by General Mohammad Zia ul-Haq, who was president of Pakistan for 11 years until his death in an unexplained air crash two years ago.

Mr Sharif's political rise has been accompanied by growing business success. He heads the Ittafaq group of industries and is counted among the country's 20 wealthiest men. His selection as prime minister leaves in abeyance for the moment the sensitive issue of political representation for the troubled province of Sindh, Ms Bhutto's home base.

Mr Ghulam Mustafa Jatoi, interim prime minister since August, had hoped to win the premiership because he represents a Sindh seat and could offset what otherwise appears to be a Punjabi-dominated parliament. Some senior military officers are also understood to have favoured Mr Jatoi who has expressed his unwillingness to be a deputy prime minister.

Nawaz Sharif: unanimously acclaimed by party

S Africa faces lengthy recession

By Patti Waldmeir and Philip Gawith in Johannesburg

SOUTH AFRICA'S economic recession may last to the end of next year, possibly threatening the process of negotiating a post-apartheid constitution.

Mr Barend du Plessis, the Finance Minister, told a conference in Johannesburg yesterday that the Reserve Bank (central bank) expected a 1 per cent decline in output in 1990, adding that "any positive real growth in 1991 should be regarded as a bonus".

The government had hoped to ease its tight monetary policy by the end of this year, but the Gulf crisis and other adverse factors, such as the gold price, meant this was no longer likely, Mr du Plessis said.

Mr du Plessis has made clear that he regards economic growth as essential to the smooth conclusion of negotiations on a new constitution, which are due to begin early next year.

He said recently: "What we need is an economy that will support the negotiating process ... It must be the very wheels that will get the negotiating process to its destination."

Both Mr de Plessis and Mr Chris Stals, the Reserve Bank governor, yesterday delivered a message of uncompromising toughness. Mr Stals indicated that the central bank would set a target for money supply growth in 1991 which was lower than this year's 11 to 15 per cent.

"It should be possible to achieve this objective with some small decline in nominal interest rates during the course of 1991," he said, but added that this depended on inflation. Positive real interest rates would be retained, he said.

Mr du Plessis, for his part, indicated that fiscal stringency would also be maintained. The government's budget deficit before borrowing was on target, he said, as a result of cuts by some spending departments.

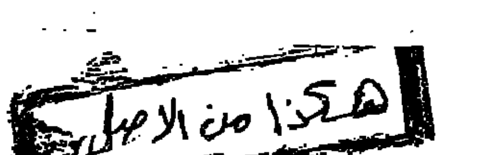
However, Pretoria's freedom of action in providing substantial tax relief would be constrained by the low level of growth.

Progress in fighting inflation was "encouraging rather than adequate" even before the Gulf crisis, he said, adding that this year's annual average for the consumer price index was now forecast at 14.5 per cent.

The conference also heard an address from Mr Thabo Mbeki, a senior official of the African National Congress, who attempted to reassure foreign and domestic businessmen that their interests would be taken into account before the ANC determined its economic policy.

He welcomed foreign businessmen to the conference – an anomaly, given the ANC's continued advocacy of economic sanctions against South Africa – and acknowledged foreign investors' need to have confidence in the security of their investments.

He said the ANC wished to move forward as quickly as possible to the moment when sanctions "would no longer be necessary".



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Mexican exchange reserves at 2-year high

By Richard Johns
in Mexico City

MEXICO'S international foreign exchange reserves stand at \$8.41bn (£4.33bn), the highest official level in two years, President Carlos Salinas de Gortari said in a state of the nation address.

The figure compares with the \$12.55bn given by his predecessor, Mr Miguel de la Madrid, in 1988.

Compared with the unruly behaviour of the opposition last year, when deputies of the Democratic Revolutionary Party protested over alleged electoral fraud before storming out, Mr Salinas's address got off to a peaceful start.

But after 25 minutes there was one interjection from the floor when he spoke of democracy and justice.

He was also heckled over a reference to forthcoming negotiations on free trade agreements with the US and Canada. But his assurance that oil would remain the exclusive preserve of the state and, therefore, outside the framework of the talks prompted a standing ovation.

The annual address is one of only three occasions in the year when the government declares its foreign exchange reserves. The last disclosure, by the Mexican Banks' Association in July, put them at \$7.12bn. The increase would be accounted for by higher oil prices since the Gulf crisis and a rising inflow of capital. This is in spite of a trade deficit of \$1.02bn in the January-September period, compared with a surplus of \$52m in the same 1989 period.

The government also benefited from a six-month grace period on interest payments on the country's external public debt, partly the result of the retroactive agreement finalised with commercial bank creditors on the rescheduling of liabilities.

However, Mexico's foreign exchange reserves are presented as a gross figure, which does not take into account short-term lines of credit and obligations to the International Monetary Fund.

Mr Salinas said the \$8.41bn figure had been achieved despite the government's need to provide \$1.37bn for guarantees required to underwrite US Treasury bonds issued in exchange for old debt under the accord with the banks and the "Brady Plan".

Commission to map out Canada's constitutional path

MR Brian Mulroney, Canada's prime minister, has launched an initiative to chart the country's constitutional future and heal wounds opened by the acrimonious debate earlier this year on the doomed Meech Lake accord, Bernard Simon writes from Toronto.

The premier was due to announce late yesterday the creation of a high-powered national commission to test Canadians' views on the future role of Quebec and other controversial issues which arose during the Meech Lake debate.

With recent opinion polls showing Canadians' deep disillusionment with the political process, all serving politicians are expected to be excluded from membership of the commission.

Mr Mulroney was also expected to set up a more formal task-force of experts to examine the current process of constitutional reform. The requirement that key changes to the constitution must have the unanimous consent of all 10 provinces and a provision that such changes may be debated for up to three years before ratification are blamed for much of the tension generated by the Meech Lake saga.

The Meech Lake accord, which would have brought Quebec into the constitution in return for recognition of its unique francophone identity, collapsed last June after failing to win approval from two of the least important provinces, Manitoba and Newfoundland.

At the same time the public mood has soured, fuelling nationalist sentiment in Quebec and regional discontent in western Canada.

The new commission is the first in what is likely to be a series of initiatives by the faltering Mulroney government designed to project a strong, unified country ahead of the next general election, probably in 1992.

Besides the principal question over the future of the Canadian federation, the commission will act as a sounding board for other issues which have surfaced in recent months, including the role of Canada's aboriginal people, parliamentary reform and inter-provincial trade barriers.

Provincial fears offer rich pickings for Reform Party

Bernard Simon on the growth of populist politics

AMONG the consequences of Canada's recent preoccupation with Quebec has been a flare-up in the resentment towards Ottawa which periodically envelops the west of the country.

The sense of alienation in the resource-rich provinces of British Columbia, Saskatchewan, Manitoba and Alberta is proving to be fertile ground for the three-year-old Reform Party of Canada.

With a populist platform that includes a smaller role for government, an end to national bilingualism, stricter controls on immigration and a greater say for the west in Ottawa, the party has become a force to be reckoned with in national politics.

Opinion polls show that support for the RP and another regional party – the Bloc Québecois – is growing at the expense of Prime Minister Brian Mulroney's Progressive Conservatives, who, in turn, are losing ground to the left-wing New Democratic Party.

Polls in Alberta show the RP is well ahead of any other party in the province. Its share of decided voters in the other three western provinces is estimated at about 20 per cent.

If a general election were held today, the party is confident it would win between 24 and 36 seats in the 295-member House of Commons.

Parts of the RP's message also appear to be falling on receptive ears in central and eastern Canada. More than 700 people last month crammed into a hall in Orilia, a town 80 miles north of Toronto, to hear Mr Preston Manning, the party's leader. About a quarter of them signed party membership forms after the meeting.

The RP has had the bit between its teeth since it won a runaway by-election victory early last year in a rural Alberta constituency. A few months later 240,000 Albertans voted for the RP candidate in a pioneering election called by the Conservative provincial government to select a nominee for a vacant seat in the federal Senate, the non-elected upper chamber of parliament.

Much of the RP's appeal is based on the roughly equal dislike among western Canadians for politicians in Ottawa, the corporate elite in Toronto and French-Canadians in Montreal.

Western Canadians remember with bitterness former prime minister Pierre Trudeau's 1980 national energy policy which favoured oil consumers in the industrial heartland of Ontario and Quebec, to the detriment of producers in Alberta and Saskatchewan.

The westerners' complaints include the plight of prairie wheat farmers struggling to make a living in cut-throat markets, the growing number of Hong Kong immigrants who crowd schools and push up property prices, and high interest rates which are designed primarily to curb inflationary pressures in Ontario, but which hurt the west.

The disdain is summed up by Mr Manning's complaint that the party runs into a "blank wall" at the Bank of Canada, the central bank, when it seeks information on how interest rates affect different regions.

MR Manning, 47, combines an engaging folksiness with a thoughtful approach to political issues. He has the advantage of being the son of a hugely popular former premier of Alberta who held office for 25 years.

A recurrent theme of his speeches is a comparison between the "old Canada" of profligate governments, ethnic disharmony and out-of-touch politicians and the RP's "new Canada", in which it is envisaged that parliament has been reformed and economic growth is driven "not by the government, but by internationally competitive, financially viable and environmentally sustainable businesses".

A key plank in the RP's platform is that Quebec receives far too much attention from a government in Ottawa whose leader – Mr Mulroney – is a native of the francophone province.

"Our preference would be to see Quebec stay in Canada," Mr Manning says. "But we can't go on with it having a dominant constitutional relationship."

In the RP's view, promotion of the French culture should be left to the Quebec provincial government. French would be the working language of Quebec, while English would predominate in the rest of the country, with safeguards for minority groups in each region.

The RP is also in the forefront of calls for a so-called "triple-E [elected, equal and effective] Senate", which would include equal representation from the 10 provinces, rather than the present preponderance of Quebec and Ontario. It wants looser party discipline among MPs and national referendums on key issues.

It is still unclear whether the RP is merely a protest movement of the kind that prospers between elections. Some of the prominent issues which have helped the party – such as Senate reform and a hugely unpopular value-added tax (which the party says should be scrapped until the government can get its spending under control) – may recede by the time Canadians next go to the polls, probably in 1992.

For the moment, however, the RP looks to be more than a shooting star.

Pemex splits oil production activities

By Richard Johns

PETROLEOS Mexicanos (Pemex), Mexico's state oil company, is dividing its oil production activities into three regional divisions as part of a belated drive to increase efficiency.

Cuidad Carmen in the state of Campeche will be the base for off-shore operations in the Bay of Campeche, where 1.75m barrels of oil are produced daily from 10 fields – nearly 70 per cent of the country's total output.

Another division based in Poza Rica, Vera Cruz, will cover the northern on-shore region and a third with headquarters in Villahermosa, Tabasco, the southern sector.

The measure is part of a general reorganisation aimed at streamlining the organisation whose top-heavy structure is symbolised by the 800-ft Torre Pemex, the highest building in Mexico City.

Last year an important move towards decentralisation was made when PMI Comercio International was set up as an international marketing arm.

The government is allowing the company to keep nearly half the "windfall" profits resulting from the Gulf crisis to help defray its crippling debt.

Nicaragua's central bank chief resigns

By Tim Coone

MR Francisco Mayorga, president of Nicaragua's central bank, has resigned following the rejection of his economic stabilisation plan.

The rejection came after talks between the government, business sector and opposition trade unions.

Nicaragua's hyperinflation – running at more than 20 per cent a month – and sharp recession have been aggravated by the Gulf crisis and oil price rises.

After five weeks of talks, Mr Mayorga's proposals to cut the fiscal deficit by laying off 15,000 public sector employees and introducing a privatisation programme were dropped last weekend in favour of a more modest programme of public spending cuts and privatisations which do not involve job losses.

In return, the powerful National Workers' Front (FNT) has undertaken to respect a no-strike agreement for six months.

The business sector did not sign the accord. During the talks, President Violeta Barrios de Chamorro warned that any of her ministers who did not accept the outcome of the negotiations would have to resign.

A muddy road to the best little statehouse in Texas

Peter Riddell on a bruising race for governor

THE gaffe-prone cowboy versus the ex-alcoholic grandmother; "dopey versus doped," it has been called.

The race for the governorship of Texas has outdone the most fanciful episode of the Dallas television saga in its outrageous mudslinging.

Even the hardened citizens of the Lone Star state seem to have had enough after more than nine months of negative campaigning.

A poll this week says more than half the voters have an unfavourable view of both candidates and would prefer "none of the above".

The contest has cost \$32m (£16.4m) so far. The protagonists are Democrat Ann Richards, state treasurer for the past eight years, and Republican Clayton Williams, generally known as Claytie, an oil man and rancher from west Texas.

Mr Williams has spent roughly \$20m, including \$7.8m of his own money, prompting charges that he is trying to buy the governorship.

Until the last few weeks Mr Williams had a lead in the 10-to-15 percentage point range after sweeping to a landslide win in the Republican primary last March.

His appeal is to the values of the Old West. Most Texans now live in large cities or suburbs, but the Texan ideal is still rural – a land of big ranches, oil wildcatting and limitless possibilities.

Often wearing a Stetson hat and always cowboy boots – he does not own any shoes – Mr Williams embodies that nostalgia.

His most memorable television advertisement shows him riding on a horse before a carefully staged group of convicts, saying he would introduce drug dealers to "the joys of bustin' rocks".

His John Wayne-like message – and there are two statues of the film star in Mr Williams' office – is re-inforced by a seductive personal charm. Like former President Ronald Reagan, who similarly offered simple verities and could be outrageous, he is disarmingly likeable.

On Tuesday, at a meeting in south-eastern Dallas where he was being endorsed by a tough-looking group from the Teamsters union, Mr Williams paused, as if frozen for a second, grinning from ear to ear and lifting his finger. He personified the Texan from every movie.

Mrs Richards started with a number of obvious assets – a generally impressive record in government and a feisty style, most strikingly apparent during the 1988 Democratic convention when she teased adopted Texan George Bush for being "born with a silver foot in his mouth".

But she was an alcoholic in the late 1970s and one of her

US MID-TERM ELECTIONS

Democratic opponents in the bitter spring primary campaign accused her of cocaine use, a charge she has never fully answered.

That, and her strong liberal and feminist support, have made her vulnerable in a conservative state.

Consequently, she has been on the defensive for most of the year, trapped in the war of negative advertisements. Her campaign has also lacked a clear message. On Tuesday evening at a rally in Fort Worth she sounded tired and lacklustre.

Yet during October the race has tightened to where Mr Williams has a lead of five points or less.

Ever since the spring he has made damaging gaffes. First, he said rape was like bad weather because "if it is inevitable, just relax and enjoy it". That incident was revived this week when a rape victim said her attacker used Mr Williams' phrase.

He also talked of being "serviced" by prostitutes in Mexico and has more recently joked that Mrs Richards must be "drinking again".

He has even called her a liar and refused to shake her hand at a joint event.

Only this week Mr Williams appeared ignorant during a television interview when he did not know anything about a proposition, the only one on next Tuesday's ballot paper, limiting the governors' powers.

Political consultants believe this accumulation of gaffes has been seriously damaging. What was originally the novel appeal of the outsider has turned through the long campaign into over-familiarity and embarrassment. An advertisement for Mrs Richards ends with an announcer asking sceptically, "Governor Williams?"

The average Texan has seen Mr Williams 80 times in television spots, which is four times the saturation rate. It would be an appropriate irony if a candidate who has spent nearly \$17m on such advertisements should suffer through over-exposure.

The polls suggest that he has lost support among suburban women, who have been worried not only by his opposition to abortion but also by his insensitivity.

Yet he has a strong appeal to working men, who like his stress on traditional Texan values and mistrust a woman, especially with a liberal reputation.

Washington's budget mess has, as elsewhere, damaged the Republicans, though Mr Williams has distanced himself from President Bush. "I don't always agree with my wife either, but when I phone George, he's going to take my call."

Neither candidate has appeared to address the serious problems which Texas faces – a growing state deficit (only partly helped by the jump in the oil price), and a school system being run by the courts since its present financing has been ruled unconstitutional, as well as crime and environmental threats.

In the end, it will turn on the lesser of two evils. If Mr Williams loses, he will only have himself to blame; as he remarked in conversation this week: "My campaign shows I'm not a politician."

Employers gain ground in NY print dispute

By Alan Friedman
in New York

THE New York Daily News, the loss-making tabloid which is the third biggest daily newspaper in the US, has suffered considerable enmity from workers in recent years, but nothing as violent or as crucial for the paper's future as the confrontation between management and 2,400 union workers that erupted seven days ago.

The latest conflict, which began with a minor incident at a 1930s-era plant in Brooklyn, has seen angry workers fire-bombing delivery trucks and threatening news agents and distributors with violence.

The striking workers claim that the management, which has spent millions of dollars training a force of non-union workers now in key positions at the paper, provoked the showdown to break the unions once and for all. Within an hour of last Thursday's strike decision the management had bussed in non-union replacements.

The conflict has pitted a determined proprietor against an old-fashioned collection of unions that are bent on preserving many benefits that are patently uneconomic.

At stake for the paper, a subsidiary of the Tribune Company of Chicago, is its survival. But, unlike the recent make-or-break conflict between the owner of the New York Post and its unions, which was about wage cuts, the battle for the News is about the management's right to slash its workforce by half and introduce new technology.

Not since the 1985 "Battle of Wapping" between Mr Rupert Murdoch and his unions in London has there been such a significant conflict in the English-speaking newspaper industry. And as of yesterday – with the unity of workers in doubt and the publisher saying that some 900 workers had effectively lost their jobs permanently – it began to look as though the owners were on their way to eventual victory by attrition.

The dispute comes at a time when much of the US newspaper industry is facing a steady decline in advertising revenues, especially in the recession-bound north-east.

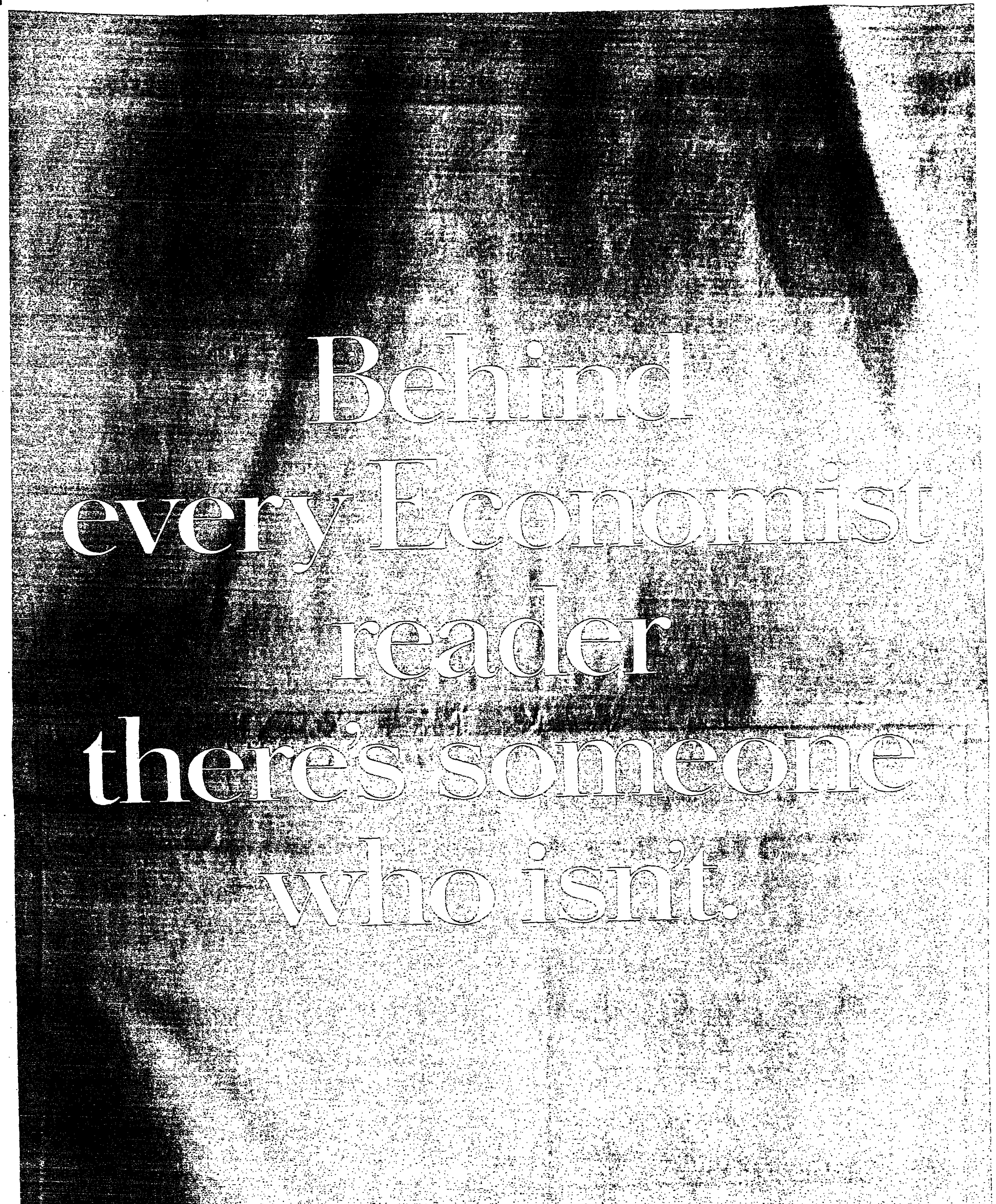
The News had suffered a drop in circulation and an estimated \$40m (£20.6m) of losses this year even before the strike began.

Mr James Hoge, the 54-year-old publisher of the News, claimed yesterday that new technology – which would require a \$500m investment – is by now an almost secondary consideration. "Even if we were to change no technology at the News we would still have overmanning of 50 per cent," he said, claiming that the paper funded between \$70m and \$100m of annual operating costs that were "wholly unrelated to production and unnecessary".

Mr Hoge cited examples such as "static overtime" payments for workers who did not actually work the extra hours, and limits on the number of bundles that could be put on delivery trucks, forcing many trucks to go out "half-full".

He said the replacement of union staff meant that about 900,000 of the paper's normal 1.1m print-run was continuing, but admitted that only 60 to 65 per cent was getting to readers. The unions say even fewer copies are getting through and are pressing advertisers, with some success, to boycott the News.

The conflict is a vicious one, but analysts believe the unions have played into the management's hands and now have few cards left. As was the case with Wapping, there is no shortage of non-union labour in New York.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UK NEWS

Shops allowed to charge more for credit card sales

By John Thornhill and David Lascelles

FOR THE first time in Britain shops will be able to charge extra for goods bought with credit cards, the government announced yesterday.

In a written reply to a parliamentary question, Mr John Redwood, corporate affairs minister, said he would now implement the Monopolies and Mergers Commission report on credit card services. This had recommended the abolition of the "no-discrimination rule" (the stipulation by credit card organisations that retailers must charge all customers the same amount whether they pay by card or in cash).

Mr Redwood's announcement follows the dismissal by the Appeal Court last month of Visa International's appeal against this MMC ruling.

Mr Redwood said the move, to be introduced next March, would lead to a fairer deal for most shoppers and would allow more banks and financial institutions to enter the credit card business.

He said further regulations would now be prepared ensuring that any differential pricing was clearly indicated to the consumer.

Retailers generally welcomed the move although it is

John Redwood: will implement MMC proposals

not clear to what extent they will exercise their option to offer differing prices.

Mr Stuart Leadill, WH Smith's group treasurer, said: "I think most of the big retailers have misgivings about the whole issue of dual pricing."

He explained it would confuse customers, complicate the reconciliation of stock holdings with sales registered at the till, and discourage shoppers from paying with plastic cards when many retailers were investing heavily in EFTPOS (electronic funds transfer at point of sale) equipment.

But a spokesman for the Retail Consortium, which represents most of the retailing industry, welcomed the decision and said that both retailers and customers would benefit from the greater choice.

"I think it is likely that smaller retailers selling high ticket items will want to offer a discount for cash. They would rather pay a discount to a customer than a bank," he said.

The first reaction of the banking industry was that it was unlikely to make much difference to the credit card business. Bankers said that they did not expect retailers to make wide use of dual pricing.

Barclays, the largest bank card issuer, said it was disappointed and predicted the move would cause confusion.

The bank also feared that it would push up prices by encouraging retailers to surcharge for card use rather than discount for cash. But a spokesman said he doubted whether retailers would use it.

Visa International, the card company which challenged the MMC findings in court, said it did not believe the market wanted dual pricing.

Asil Nadir to query allegations against him

By Raymond Hughes and Clay Harris

MR ASIL NADIR, chairman of Polly Peck International, yesterday won the chance to argue in court that the Serious Fraud Office must tell him of what criminal offences he is suspected.

Mr Nadir, who denies having committed any criminal act, was given leave in the High Court to seek a judicial review of the SFO's refusal to tell him the basis for its investigation of his affairs.

The case will focus further attention on the behaviour of the SFO in the Polly Peck affair and on the draconian powers given to investigators in cases of suspected serious fraud.

Mr Nadir said last night: "We'll proceed calmly and recover lost ground." The SFO said it welcomed the opportunity "to clarify the point at issue". Meanwhile, more than half of Polly Peck's London employees, 70 of 120 in all, were sacked yesterday by the administrators appointed last week to oversee the company's affairs. Mr Nadir's personal secretaries and assistants were not affected.

In the High Court, Lord Justice Taylor said that, "without giving any reason for undue optimism," he and Mr Justice Morland had decided Mr Nadir had an arguable case meriting a full hearing of his complaint.

Mr Nadir's complaint is that he was compulsorily questioned by the SFO on September 20 without being given sufficient information to enable him to answer adequately and rebut the SFO's suspicions.

In a statement on Tuesday, Mr Nadir said he had answered as best he could the "generalised" questions put to him at the interview. "After the interview neither I nor my lawyers were any wiser about the actual transactions... which must them have concerned the SFO."

At the full hearing, which is unlikely before early next month, Mr Nadir will seek an order requiring Mrs Barbara Mills, QC, the SFO director, to give him details of the transactions that have brought him under suspicion.

Britain delays decision on ageing tanks

By Charles Leadbeater, Industrial Editor

THE government is preparing substantially to scale down its order to replace the Army's fleet of ageing Chieftain tanks. It is thought the original plans to build 600 tanks will be cut down to an order of between 300 and 350.

Mr Tom King, the defence secretary, yesterday disclosed that the decision on the replacement, which had been expected by the end of this year, had been deferred until next spring.

The delay will allow the Ministry of Defence to reconsider the Army's requirements in the light of two uncertainties.

The first is the progress of arms talks on reducing conventional forces in Europe. A deal to cut conventional forces is almost certain to lead to a cut in the British tank order.

The second is the development of the conflict in the Gulf. Planning for the military operations in the Gulf has diverted senior officials involved in the tank decision. More significantly the MoD wants to assimilate any pointers about how different tanks perform from the Gulf conflict.

The delay is a blow to Vickers, the British manufacturer which has just completed a £90m contract to develop its contender the Challenger 2 tank. Vickers said it was disappointed by the delay because trials this summer of the nine

Saved from scrap: the ageing Chieftan has earned a temporary reprieve

Challenger 2 tanks it has built had gone well.

The company said the delay would not have a significant impact on it, partly because the MoD had given it an additional bridging contract to keep engineering and design staff employed.

Vicker's tank factories at Leeds and Newcastle, northern England, which employ about 1,600 people are fully employed with other work. About 10 per cent of Vickers' profits come from tank production.

The contract is one of the most competitive in recent years because foreign defence groups, facing declining military spending in their own countries, have entered the contest.

Vickers is competing with General Dynamics of the US which is bidding to produce a British version of its M1A2 Abrams tank; Krauss Maffei, the west German manufacturer which makes the Leopard 2 and GIAT-Industries, the French state owned group which makes the LeClerc.

Should Vickers loose the contest it would almost certainly be forced to consider redundancies and there would be criticism of the decision to give it a development contract.

European wages likely to rise as shortage of labour worsens

By Edward Balls

THE SHORTAGE of labour in Europe is likely to force companies to pay higher wages and could lead to a boom in employment agencies, according to a new survey published yesterday.

The report by Business Strategies, a London-based consultancy group, warned labour shortages could represent a serious constraint on output unless companies take action.

"The demographic squeeze will mean a higher rate of return for those firms which hire, train and keep the best workers," the report added.

This will lead to an increased demand for employment, training and relocation agencies, similar to the 1980s global revolution in the provision of financial services.

Companies will be forced to pay higher real wage increases to attract the labour they need.

The report's predictions are based on figures released by Eurostat, the EC's statistical office, which suggest that Europe's labour force will contract by 5.5 per cent over the next three decades from 145m in 1990 to 137m by 2020.

Germany, Italy and Denmark all face immediate constraints caused by their shrinking labour forces.

The UK, along with with France, the Netherlands, Portugal and Spain, do not face the same immediate problems. But increasing labour difficulties are expected to emerge from the beginning of the next decade.

Greece and Ireland should be free of any problems, says the report, despite continued out migration.

The UK has should be concerned, according to the report, about because of its relatively poor levels of investment in training and inflationary tendencies in the labour market – though ERM membership may help in the latter respect, the report argues.

"People at Work – European Demographics in the 21st century". Available from Business Strategies Ltd, 10 Kendrick Mews, South Kensington, London SW7 3HG. Price $215.

Taiwan group picks Glasgow for plant

By James Buxton, Scottish Correspondent

DELTA ELECTRONICS, a large Taiwanese manufacturer of power supply equipment for electronic products, is to set up a £14m plant near Glasgow which could eventually employ 570 people.

It will be only the second Taiwanese plant in Britain and will enable Delta to be closer to its growing number of EC-based customers.

Delta is one of the leading makers of switch mode power supply equipment, the units which control power supplies to personal computers, consumer electronic products and communications equipment.

Its customers include International Business Machines and Compaq, both of which have plants making personal computers within a few miles of Inchinnan, Renfrew, where Delta is to be located.

Delta, which expects sales of $154m (£79m) this year, already has manufacturing plants in Taiwan, Thailand and Mexico and employs more than 4,500 people worldwide.

Nearly 30 per cent of personal computers made in the EC are produced in Scotland, he said.

Delta expects to have the 50,000 sq ft plant operating by the end of 1991 or early 1992. At first it will employ about 100 people at the site but it hopes to expand to 150,000 sq ft and employ 570 staff there within five years.

Plan to invest £100m in cement industry shelved

By Andrew Taylor, Construction Correspondent

THE BIG fall in UK construction output has lead to the postponment of a £100m investment plan to provide the first large increase in British cement manufacturing capacity since 1975.

Castle Cement, Britain's second larget cement manufacturer, in February announced plans to triple production, from 500,000 tonnes to 1.5m tonnes a year, at its Padeswood plant at Clwyd, north Wales.

Sales of cement have fallen sharply this year as UK demand for commercial and residential property dropped.

Cement prices have also slipped since the spring when a 6 per cent increase was announced by British cement manufacturers. This summer also saw the first serious price competition for more than 50 years between British cement manufacturers.

Castle was acquired for £230m two years ago from RTZ, the mining group by a joint venture of Aker, the Norwegian building materials and North Sea oil service group, and Euroc, the Swedish building materials company. It estimates that annual cement sales in Britain have fallen by approaching 12 per cent this year to about 15.5m tonnes.

Imports of cement into Britain from continental Europe have also fallen steeply. Blue Circle, Britain's biggest cement manufacturers, has forecast cement imports will fall to between 300,000 and 400,000 tonnes this year.

FT LAW REPORTS

Laytime runs at total discharge rate

GENERAL CAPINPIN; FREE WAVE; PROTEUS
House of Lords (Lord Keith of Kinkel, Lord Brightman, Lord Templeman, Lord Griffiths and Lord Goff of Chieveley): October 25 1990

A LAYTIME clause in a standard form of voyage charterparty providing for discharge at an overall rate for the ship, is not changed by the addition of "basis five or more available hatches pro rata if less number of hatches" to provide for discharge at a rate per available working hatch.

The clause continues to provide for overall rate of discharge, but is qualified by the added words, so that if less than five workable hatches are available when discharge begins, the overall rate is reduced pro rata and, if hatches cease to be available during discharge, laytime shall not run during the period of non-availability.

The House of Lords so held (Lord Templeman dissenting) when dismissing consolidated appeals by the the President of India, the world's largest charterer of dry cargo vessels, from Court of Appeal decisions that laytime under voyage charterparties of General Capinpin, Free Wave and Proteus, owned by Jebsens (UK) Ltd, Kestelli Shipping Corporation, and Pearl Freighters Corporation respectively, was calculated by reference to an overall rate of discharge for the ship, not to a rate per available working hatch.

LORD GOFF said that by charterparties dated May 25 1983, December 16 1983 and June 25 1984 respectively, General Capinpin, Free Wave and Proteus were chartered for the carriage of cargoes of wheat to India.

In the General Capinpin charter the laytime clause provided that cargo was to be discharged "at the average rate of 1,000 metric tons basis five or more available workable hatches pro rata, if less number of hatches, per weather working day".

The clause did not, in its original form, contain the words "basis five or more available workable hatches pro rata if less number of hatches". They were added.

The owners contended that the clause expressly provided for an overall rate for the ship, ie "1,000 metric tons . . . per weather working day". They said the effect of the added words was not to substitute a rate per hatch for the overall rate, but was to qualify the provision for an overall rate in two respects: first, if, when the vessel began discharging, less than five workable hatches were available, the overall rate would be reduced pro rata; second, if in the course of discharging, any hatches should cease temporarily to be available, the relevant period should not count towards laytime.

The charterer adopted a different approach. It was contended that "available workable hatch" had acquired in law a well-established meaning.

In *The Giannis Xilas [1982] 2 Lloyd's Rep 511,513* Mr Justice Bingham said the expression denoted "a hatch which can be worked either because under it there is a hold into which cargo can be loaded or a hold out of which cargo can be discharged . . ."

On that approach, if a hatch was not "available workable" at commencement of loading or discharge, or by reason of temporary impediment, or by reason of loading or discharge having been completed, time should not count in respect of that hatch. That led to the practical result that the clause would have the same effect as if it had provided for a discharging rate per available workable hatch – a well-established formula for computation of laytime, which the charterer said must have been intended by choosing a clause in a form based on the available workable hatch.

The owners' approach was adopted by the arbitrators in all three cases. On appeal, Mr Justice Webster preferred the charterer's approach. The Court of Appeal reversed his decision and restored the arbitrators' decision.

The charterer now appealed.

The form of clause providing for a rate per available workable hatch was to be contrasted with the form of clause providing for an overall rate for the whole ship.

Both forms had their virtues. Under the clause providing an overall rate, a quick, if rough and ready, calculation could be made which would enable the parties to calculate how much laytime was *prima facie* available to the charterers for discharging – all they had to do was to divide the bill of lading quantity by the specified rate.

A laytime clause which provided for a rate per hatch – in particular a rate per available workable hatch – was a more highly-tuned clause which took account of the fact that loading or discharge of one particular hatch might take longer than another, and that completion of loading or discharge of the whole ship might well be governed by the amount of cargo under the longest hatch. That was likely to be of special importance where there was a substantial discrepancy between the volumes of cargo spaces.

The impact of such a clause on the calculation of laytime, if taken in isolation, was likely to favour the charterer, because he would be protected by it from prolongation of loading or discharge by reason of the existence of comparatively long hatches – in "isolation" because if a clause was perceived to favour one or other party, its inclusion in the charter might be reflected in the freight rate. If it appeared there were significant differences in the sizes of the holds, the charterer could bargain for more favourable terms.

If the owners' approach was correct, the daily rate of discharge required from the longest hatch in the cases of General Capinpin and Proteus, was 252 and 278.72 metric tons respectively, whereas in the case of Free Wave a daily rate of 431.79 metric tons was required.

That startling difference was due to the fact that Free Wave had two small cargo spaces and two large cargo spaces. The effect of those disproportionately small and large spaces was that a very fast discharging rate was required from the longest hatch to complete discharge within laytime.

A charterparty was not like legislation, forced on parties against their wills. It was bargained for and if any particular provision was perceived to favour one or other party, that could be taken into account when negotiating consideration.

Once a clause was embodied in a commercial contract it had simply to be construed in its context, from the objective point of view of reasonable persons in the shoes of the contracting parties. It had to be construed sensibly and regard had to be had to its practical effect. But the objective interpretation was of paramount importance in commercial affairs.

The problem in the present cases, which was essentially whether the clause should be given effect as providing for an overall rate of discharge for the whole ship qualified by "basis five or more available workable hatches" as proposed by the owners; or whether that reference should be treated as overriding the provision for overall rate of discharge, substituting for it a rate per available working hatch.

In all three cases the owners' construction appeared to have been unanimously adopted by the arbitrators.

What really struck the arbitrators was that the clause did indeed provide for an overall rate of discharge, and did not expressly provide for a rate per hatch, despite the existence of well-known authorities dealing with clauses which so provided.

They were simply not prepared to ignore the express provision for the overall rate. They preferred to treat the reference to "available working hatches", not as substituting a rate per hatch for the expressly provided overall rate for the ship, but rather as imposing a qualification on it.

That was the reaction of commercial men, who must have been well-aware of the practical consequences of their decision, and who must also have been well-aware how charterparties were negotiated and how they were likely to be understood by practical men in the trade.

There was no good reason for departing from the arbitrators' conclusion. His Lordship reached the same conclusion for basically the same reasons as the arbitrators. He was also influenced by the shape of the clause, which appeared to be so drawn as to give primacy to the overall rate for the vessel. The conclusion was consistent with the reasoning of Mr Justice Parker in *The Tropwave [1981] 2 Lloyd's Rep 159*, though the point there was a subsidiary one.

Appeal dismissed.

Lord Keith and Lord Brightman agreed.

LORD TEMPLEMAN, giving a dissenting judgment, said he could not accept that the charterer amended its standard form to no purpose. The object and effect of the amendment were to make sure that laytime was calculated by reference to the heaviest hold.

For the charterer: Angus Glennie (Constant & Constant).

For the shipowners: Timothy Young (Sinclair Roche & Temperley; Middleton Potts; Holman Fenwick & Willan).

Rachel Davies
Barrister

UK NEWS

CAA urged to speed up review of air congestion

By Paul Betts, Aerospace Correspondent

THE government has asked the Civil Aviation Authority (CAA) to speed up its review of the traffic distribution rules for London's congested airports.

This would bring nearer a decision on the vexed issue of whether to allow United Airlines to step into the Heathrow airport slots of Pan American, the financially-troubled US carrier.

United Airlines agreed last week to buy Pan Am's transatlantic route rights into Heathrow airport for \$400m. But the existing UK rules bar new airlines from operating out of Heathrow and forces them to fly either to Gatwick or Stansted, London's second and third airports.

Washington is arguing that under the Bermuda 2 bilateral air service agreement between the two countries, the US is entitled to two airlines serving Heathrow. At present, these include Trans World Airways and Pan Am.

By replacing Pan Am at Heathrow, United should be regarded as a replacement airline rather than a new entrant into London's busiest airport, the US claims.

Lord Brabazon, the aviation minister, originally asked the CAA last September to draw up recommendations on the possibility of removing or modifying the existing London airport rules by next March.

But the United Airlines-Pan Am deal has now precipitated the situation and risks provoking a fierce political row between the UK, the US government and the airline industry as a whole.

The CAA is now expected to submit its recommendations to the Government on the controversial issue early in January. The authority wrote yesterday to around 400 organisations seeking their views by the end of this month on whether some or all of the current London airport rules should be abolished. It will subsequently formulate its recommendations to the Government.

Although this will accelerate the timetable of the review, it is unlikely to satisfy the US which has been seeking an even swifter decision from the UK authorities over the United Airlines deal.

United Airlines, however, is not alone in seeking access to Heathrow.

Several large international carriers now serving Gatwick have been queuing up to fly into Heathrow. They include, among them, American Airlines, United Airlines' arch rival, Delta and Northwest as well as Cathay Pacific. Mr Richard Branson's Virgin Atlantic Airways has also been seeking Heathrow slots.

All these airlines are expected to argue they have precedence over United Airlines for Heathrow runway slots.

The government's decision could also have a significant impact on British Airways, which has been vigorously defending its dominant position at Heathrow.

TV makers foresee a gloomy sales picture

Michael Skapinker looks at the prospects for the household electronics sector

AS THE warnings of an imminent full-scale recession multiply, the companies which produce Britain's television sets and other household electronic goods feel particularly vulnerable.

These companies know that consumers can do without their products if they have to.

Ferguson, the leading supplier of TV sets to the UK market, has already seen the damaging effect that declining consumer confidence has on sales. That was two years ago when interest rates started to climb.

For Ferguson and other consumer electronics manufacturers, the coming months hold few fresh terrors.

Manufacturers say that while TV sales have been disappointing over the past two years, sales of other consumer electronic products, such as camcorders, satellite receiving equipment and video cassette recorders, have shown healthy growth.

Although 1990 is not expected to show a large drop on last year, 1989 was a poor year for the industry. Total sales of TVs in 1989 fell by 12 per cent to 3.8m units. That figure included a total of 1.9m large screen sets, the lowest level for eight years.

Mr Doug Hopper, Ferguson's marketing controller says: "We had a bad 1989. This year has not been as painful for us because we took our medicine early."

That included closing the company's TV factory in Enfield, North London, and transferring some of its operations to Ferguson's second plant in Gosport, Hampshire.

Mr Hopper says Ferguson, which is a subsidiary of Thomson of France, has seen a drop of between 6 per cent and 7 per cent in unit sales of TVs this year. Mr Harris tells a similar story: he says unit sales of TVs are down 10 per cent.

"The average life of a television set in the UK is seven to eight years," Mr Harris says. "It's relatively easy to delay replacing it." With 90 per cent of British households equipped with at least one large screen set, the incentive to buy a new one is not great.

In value terms, however, Mr Hopper says that TV sales look set to remain the same as in 1989 because when consumers buy a new set they tend to choose a more expensive model.

"It's the flight to quality," says Mr Bill Vestey, general manager corporate communications at Sony. "The lower-price, own-brand sets are feeling the squeeze more than the quality brands are."

Sony is Britain's leading manufacturer of TVs. It expects to make 1m sets this year at its plant in Bridgend, South Wales. It will also make 250,000 kits for export to Sony's Stuttgart factory.

The company says it has not revised its output plans because of the downturn in the UK. Apart from the fact that its UK market has held up reasonably well, 75 per cent of the sets made at Bridgend are exported.

Although TV makers are relieved that sales have not suffered further, a static year is still a disappointment for an industry which saw its UK market double in size between 1980 and 1988.

Manufacturers, however, say they are pleased with the video cassette recorder (VCR) market. Last year was a reasonably healthy one for VCRs with unit sales of 2.28m, 3 per cent lower than 1988.

Mr Harris thinks that the increased penetration of satellite TV is underpinning VCR sales: with more channels to watch, people want to record the programmes and films that they miss.

Mr Hopper of Ferguson has a different explanation for the buoyancy of VCR sales. About 80 per cent of 25 to 45-year-olds own VCRs, but a far smaller proportion of older people do. Many of those now buying VCRs are 55 and older.

"Television is entirely a replacement market. There's an element of replacement purchasing in the video market, but 43 per cent of the videos sold this year have been to first-time purchasers," he says.

"People over 40 used to be frightened of videos, but they now find them more acceptable. About a third of initial purchases are made by people who are 55 and over. They're people who have paid off their mortgages, they have savings and they have become richer as interest rates have gone up."

Mr Hopper says that sales of satellite-receiving equipment have also been reasonably good. About 500,000 receivers and dishes were sold last year.

This year's figure is expected to be about 1m. "It's not a spectacular success but it's not a failure," he says.

Sky Television's drive to persuade people to rent satellite dishes has boosted the market, he says.

The large manufacturers say that the camcorder market was a particularly bright spot this summer. Prices have fallen and market penetration is still low.

In spite of these successes, manufacturers do not expect their overall market to improve substantially before Christmas 1991.

BRITAIN IN BRIEF

Ban agreed on nuclear dumping

A world-wide ban on the disposal of nuclear waste under the seabed from ships or platforms was agreed at an international meeting of the London Dumping Convention.

Britain, the US, France and the Soviet Union opposed the ban which was proposed by Spain. It was pushed through by 29 votes to 4 at the meeting held in the International Maritime Organisation headquarters in London.

However, the option of dumping nuclear waste under the seabed by tunnelling from the shore still remains.

Iveco workers to stay home

Iveco Ford, the truck maker, is asking all 1,040 manual employees to stay at home next week in response to a steep decline in sales affecting the industry.

The decision is a further sign of growing problems among truck makers following an announcement last week by DAF, the Dutch group, that it will make a "significant loss" this year and that it is cutting more than 400 UK jobs.

Iveco Ford, a joint venture between the Fiat and Ford motor companies, is thought unlikely to make redundancies among its workforce.

Cash for Ulster water supply

The government is to invest £500m in Northern Ireland's water service. It will also establish a new public body to manage water supply and sewage disposal in the province.

Mr Richard Needham, a junior minister at the Northern Ireland office, said the investments over the next 10 years would result in improved water quality and more modern sewage systems.

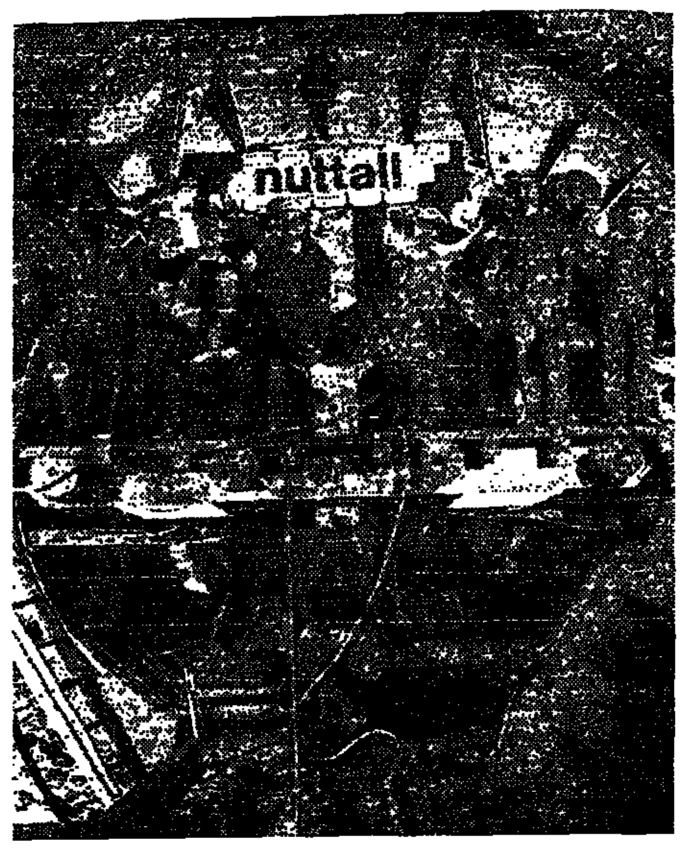
BA starts new economy class

British Airways has launched a revamped economy class service which will cost the airline £70m over the next three years.

BA had hesitated over the launch of its new economy class at a time when earnings are under pressure from higher jet fuel prices and the economic slowdown.

However, the airline decided to go ahead with the scheme because demand for economy class travel has remained buoyant in contrast to first and business class travel.

After revamping its first and business class services during the past two years, BA decided to relaunch its economy class service, which is used by 13m passengers a year.



Another historic tunnel breakthrough occurred yesterday when workmen (above) completed hand digging the final section of the dockland light railway extension more than 40 metres beneath the City of London.

This will run from Tower Gateway, by the Tower of London, to Bank station in the City. The railway currently stretches from the Tower eastwards to Stratford and to the Isle of Dogs where the massive Canary Wharf office project is being built.

Move to no fault divorces

Radical reforms of divorce laws, putting an end to "quickie divorces" based on adultery or unreasonable behaviour, have been proposed by the Law Commission.

The long-awaited recommendations from the government's law reform body include the introduction of "no fault" divorce based on a one-year "cooling off" period.

The suggested reforms follow widespread public concern at the present divorce rate and the effect that fault-based divorce can have on couples whose marriages have broken down.

The government has signalled support for the Commission's recommendations and is expected to introduce legislation during the next session of parliament. Britain's divorce rate is the highest in Europe, with one in three marriages failing.

DAS to transfer to south Wales

The Bristol-based DAS Legal Expenses is to meet growing demand for its services by transferring part of its operations to south Wales.

The German-owned company, whose British subsidiary claims to be the largest insurance company in the legal-expenses field operating in the UK, is to open an office in Bedwas, near Cardiff. It will handle claims relating to motor insurance.

Water merger means savings

Customers of three water companies north of London will save almost 10 per cent on water bills over the next five years, following a merger with a French water supplier.

Mr Peter Lilley, the trade secretary, accepted guarantees from the companies that will safeguard the savings by setting new limits on price rises at Colne Valley, Rickmansworth and Lee Valley water companies.

Following a merger with Compagnie Générale des Eaux, they will be known as Three Valleys Water Company.

Buses suggested as traffic cure

The trade association representing Britain's bus and coach industry has launched a campaign to put forward bus travel as the solution to urban traffic congestion.

The Bus & Coach Council urged transport policy makers to recognise that greater use of buses using reserved lanes could get people moving more quickly at lower cost than the construction of new roads. There are only 40 miles of bus lanes in London compared with 300 miles in Paris.

WELCOMING TOMORROW'S EUROPEAN

Petra David, Development Consultant, Magistrat Halle

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British Airways

Why 'economy' has taken flight

The UK airline has been working its way through a revamp of the different passenger classes. Now it is the turn of the main cabin, which is being relaunched under a new banner and at a cost of £70m. Simon Holberton explains the background to the move

Yesterday's relaunch of British Airways' economy class service is the culmination of the most ambitious marketing exercise the airline has ever embarked upon.

The relaunch has been three years in the making and will cost the airline up to £70m over three years. It will reach more than 13m people and, if successful, many more in the years to come.

Civil aviation business to date has all been about getting "high yield traffic" – the business and first class traveller – but with growth in leisure travel forecast to rise by nearly 40 per cent between 1990 and 1995, getting the "economy" market right promises substantial opportunities for BA.

Since the mid-1980s BA has been refocusing its business. This has involved repositioning the service it offers in the cabins of its aircraft. First Class was relaunched in 1987, followed by Club (business) Class in early 1989.

"The main cabin travellers are the forgotten three-quarters of airline passengers," says Ian McComas, the BA brands manager with day-to-day responsibility for the economy relaunch.

McComas says the financial sums have been based on "worst case" assumptions and on that basis it should pay for itself by March 1992. However, a decision has now been taken that in these straitened economic times planned expenditure on the relaunch programme will be reviewed annually.

Although BA is in *no sense* "betting the airline" on this relaunch it is clear that it has set itself an ambitious goal. It is attempting to set the pace for the civil aviation industry worldwide by redefining what it means to travel by economy class, or, as BA now prefers to call it, in the main cabin. The word "economy" has been expunged from BA's lexicon.

The airline is not aiming simply to increase passenger numbers. One of the main aims of the economy relaunch is to induce consumers to make a positive choice to fly BA. If that can be achieved, it will not have *to* discount its air fares as much as it currently does; this will lead to a rise in the average revenue gleaned from its passengers, or, in airline jargon, a rise in the yield from passengers.

As Liam Strong, BA's director of marketing and operations, notes: "The relaunch is as much about improving yield as it is about passenger numbers." It is also, he says, "about trying to build customer loyalty", so that BA can increase its share of repeat business.

Strong will not quantify the expected gains to revenue from the relaunch. The main cabin represents such a sizeable part of BA's revenue (£1.5bn from long haul and £600m from short haul) that publishing numbers would give too clear a clue to analysts about the airline's total profitability. All he will say is that "we expect a significant impact on revenues over a three-year period."

The relaunch represents the biggest and most complicated experiment BA has conducted in "branding". The airline is rare in its industry for applying marketing techniques drawn largely from the world of consumer goods to what is essentially a service experience.

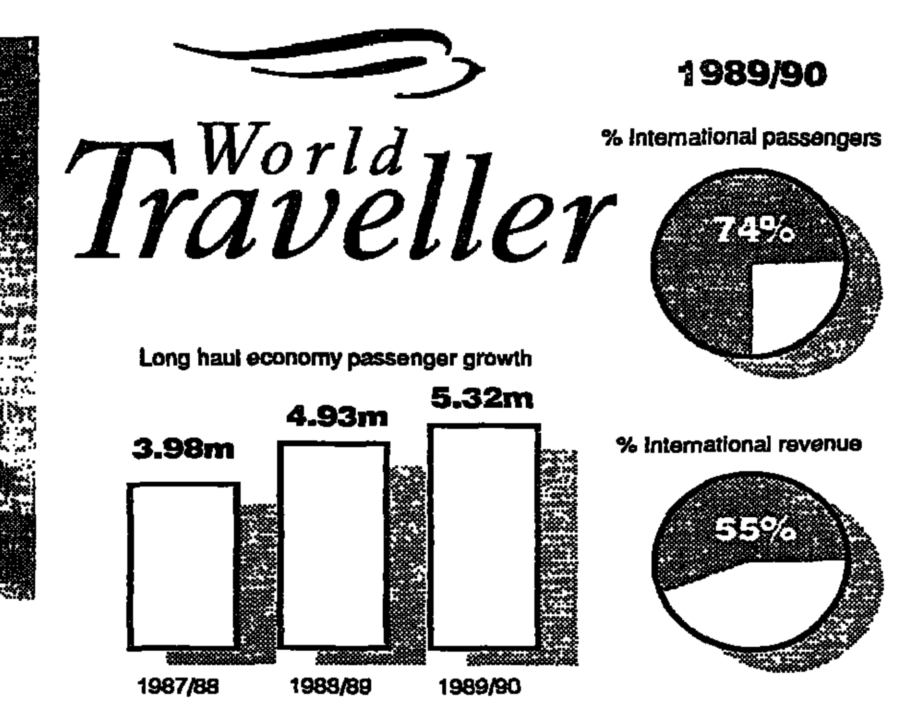
For BA this means breaking down a service into its constituent parts – analysing and testing them in the market much as a consumer goods manufacturer might – while at the same time remaining aware that a lot of what it is offering consumers is intangible, and that success hinges as much on *how it delivers* its service as on what the service ultimately is.

In the past these techniques have been used to considerable success with its first and business class relaunches, which combined cost the airline more than £45m. This time, however, BA has faced a task of greater complexity.

The main cabin brings together a greater variety of passenger than is to be found in either first or business class. It carries 7.3m people on its short-haul European service, and 6m use its intercontinental long-haul service per year. They do so to go on holiday, visit friends and relatives, and to conduct business; within those motivations BA has identified seven different types of individual.

In putting together a product specification for what BA will call World Traveller, for intercontinental flights, and Euro Traveller, for its European service, BA has had to carry out a great deal of consumer research (5,000 passengers were interviewed) among such a *diverse* mix of customers.

Ian McComas



The relaunch of the main cabin has also demanded a reappraisal of the way in which BA addresses the leisure market in terms of products offered. In the past, while the products may have been good, their presentation was incoherent. BA has been offering holiday-makers three basic products under the names Poundstretcher, Speedbird Holidays and City Breaks.

Three products under one umbrella

Each has had its own identity, management and travel agent distribution channels; but to the consumer it was not obvious on which airline he or she was flying.

These three products have now been brought together under one umbrella brand – Leisure Traveller – with BA's name featuring strongly. Management has been centralised, the lines of communication to travel agents streamlined, and investment made in improving computer bookings. The cost of this amounts to £10m of the £70m BA has allocated to the economy relaunch.

This should all add coherence to, and bolster the relaunch of, the main cabin because there is, for the first time, a consistency in the branding. In the words of an internal BA marketing document: the aim is "to rationalise and consolidate our labels/identities so that one clear and motivating proposition can be offered throughout our leisure activities."

Thus, the consumer will buy a Leisure Traveller product and travel in the World/Euro Traveller cabin of a BA aircraft. The key word here is "Traveller", a word BA researched around the world and the word which the airline hopes connotes the essence of the experience and service it is offering.

It will appear at check-in desks (in the UK, at least, BA hopes to be able to drop the word "economy" *from* check-in desks within 18 months), on passenger tickets and baggage *labels and will be prominently* displayed in the main cabin of the aircraft.

The scale of the challenge for the economy relaunch was underlined in September when BA announced the creation of the Leisure Traveller business.

Sir Colin Marshall, chief executive of BA, said the reorganisation would, in the first year, lift BA's revenues by a third to £170m. This stands in diminutive contrast to the 1989/90 financial year when BA earned revenues of £2.1bn from its main cabin, both short and long haul.

The stark fact is that the majority of the people who travel in the main cabin have done so not by making a positive choice for BA but because that is where their travel agent has put them.

Getting consumers to make a positive choice for BA is one of the top aims of the relaunch, but before that could be addressed, the airline had to know what its passengers thought about it and *what they* wanted.

In early 1988, when the airline *first started conducting* research into the people who travelled in its main cabin in an attempt to understand their psychological needs, it uncovered some uncomfortable facts about itself, and a deep-seated resentment on the part of its customers to be classed as "economy" passengers.

Confusion about what was offered

The research showed that BA had a very low visibility within the leisure market; that there was confusion about the products it offered; and that there was a general feeling that BA was not suitable for leisure travellers.

The airline was seen as being too expensive, not warm and approachable, and primarily a "businessman's airline". This is quite a problem for an airline where on long-haul flights 75 per cent of its customers travel economy, and where 35 per cent of them have never been on an intercontinental flight before.

The other main finding that the research threw up was passengers' antipathy towards the term "economy class". Economy was seen as a profoundly negative product label; it had no "values or identity"; moreover, it made customers feel like second-class citizens. The problem BA faced was how to extend its image to encompass the leisure traveller.

Any product change, McComas says, has to be linked to meet the psychological and emotional needs of the passengers. So BA spent a year looking at possible "product upgrades", from food to pre-take-off drinks to amenity packs, to a range of games, both solo and in groups, it could possibly offer passengers. It also looked in detail at the interiors of its aircraft.

Each possible upgrade in the service was ranked in order of popularity and cost to BA, so that on the Euro Traveller service a free bar will be introduced (except that it will not offer free champagne); on the World Traveller service cheese and biscuits will be dispensed with on flights of less than 10 hours' duration ("the cost was prohibitive") and replaced with cheese-flavoured biscuits instead. Part of the new-look main cabin meals will be the inclusion of a dessert chocolate; to give each of its economy customers a chocolate will cost the airline £500,000 a year.

It is in the main cabin, however, where BA hopes it will win the hearts and minds of its target market. Unlike most consumer goods businesses which have a consumer's attention for a brief period at a time – the time it takes to buy something and to use it – an airline interacts with its consumers over long periods of time. This presents both opportunities and pitfalls, especially for a company for which it costs five times as much to win back a lost consumer than as to retain one.

Peter Liney, the brand manager in charge of the long-haul economy relaunch, believes the airline has created "a whole new look and feel for the main cabin. It is high quality, relaxed, and approachable; something in which people will want to travel with us."

In creating the brand, BA has not only decided to give more things away to its passengers than it did in the past, such as an amenity pack which includes eye shades, socks and toothbrush and paste, and a fancier and apparently better set of headphones. But a whole range of devices has been developed to respond to what BA's research has shown to be a desire by many passengers for more contact with crew, to be treated as individuals and for their holiday to start the moment they get on the aircraft.

Greater use will be made of video and music in the main cabin to set a cheerful tone for the flight. Aircraft will carry a "props box" stashed with various sorts of games, and a Polaroid camera to capture the birthday celebrant or honeymoon couple, if they wish. Onboard competitions have been developed which offer prizes from the trivial – a key ring – to the not so trivial – a free holiday. Liney promises that these activities will be optional and non-intrusive; one can only but hope.

Cabin crew routines have been changed so that crew come into greater contact with passengers than before. Names of passengers according to seat position will be posted in galleys so that when responding to a request, crew can use the passenger's name – or so the theory goes.

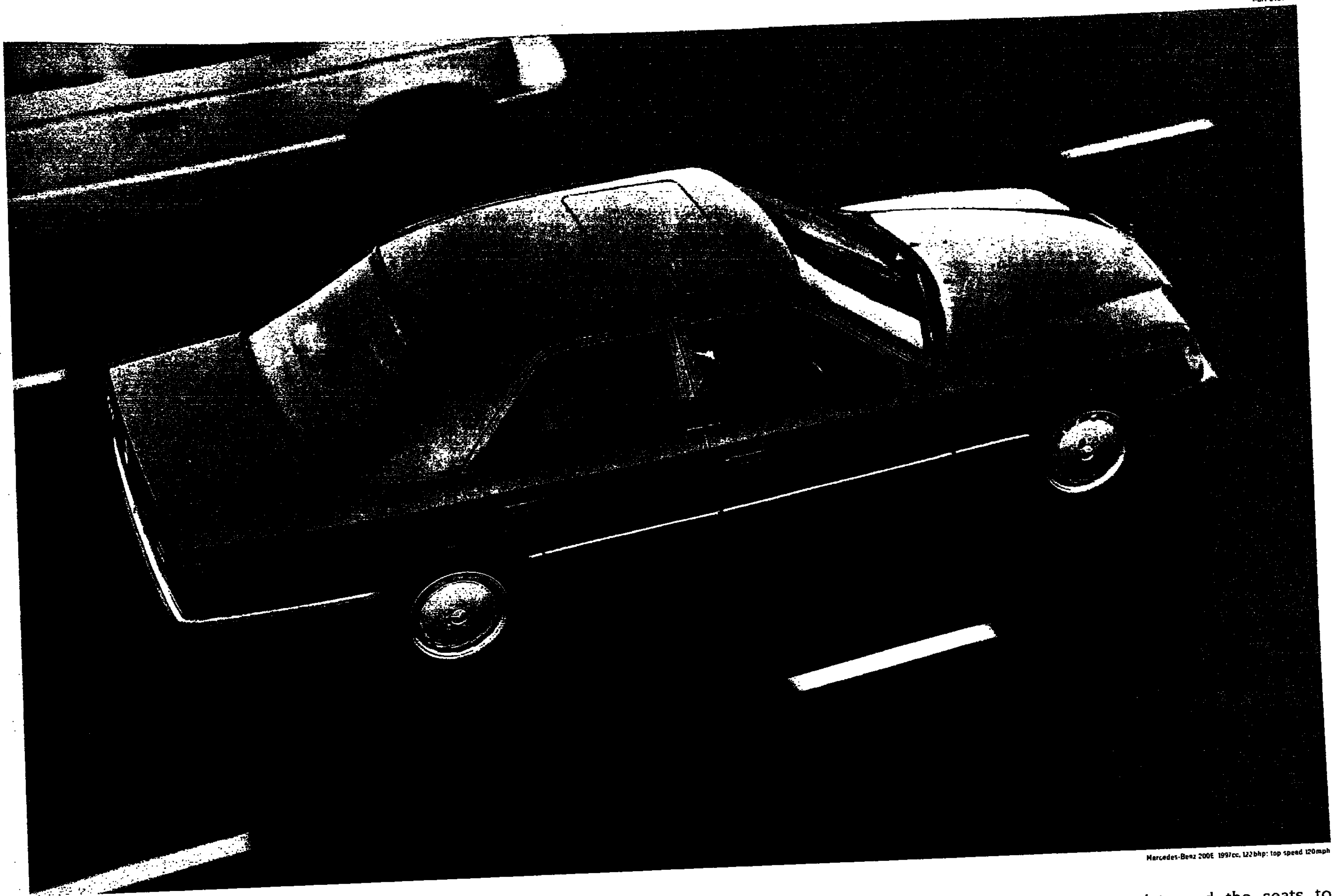
Crew will hand out a complementary drink before take-off, the amenity pack after take-off; instead of queuing for their duty-free purchases at the galley, the crew will offer a seatside duty-free service – all of these designed in part to get the crew into contact with the passengers.

"We see just as much potential [for making money] in the main cabin as we did when we targeted the business traveller," says Strong. "Getting our people to understand their role and to understand that the main cabin is not just down the back of the plane but is just as important to us as any other cabin is critical.

"The key issue is one of approachability and friendliness. If we can bring that off then it will make the job more interesting for the cabin crew and life more comfortable for the passengers."

Monday: Training - the key to success; Why BA tests its ads.

RJA-510FTF



Mercedes-Benz 200E 1997cc, 122bhp: top speed 120mph

Always seen in the best of companies

Even before you shake your client's hand, the Mercedes-Benz you've arrived in will say something about the strength and confidence of your company. What isn't telegraphed so obviously, though, is the sound financial sense such a car also makes – when you buy Mercedes-Benz quality you get full Mercedes-Benz residual value at trade-in time.

So it's worth examining a car or two in the 17-model Mercedes-Benz 200E-300E series. A silent partner it may be, but the classic elegance of the 200E, for instance, speaks volumes for your business acumen.

Full Comfort For Five

Full five-seaters, the petrol-injected or diesel 200E-300E models are precisely the range you'll be thankful you have on the team when you're playing chauffeur to a client delegation. The 200E's blend of welcoming refinement, ample leg-room and Mercedes-Benz dependability, is as reassuring as it is prestigious.

From airport to city, you're still travelling first class, cradled on seats with a steel-sprung base. Such traditional construction is rarely used these days, but this artful seven-layer sandwich of steel springs, natural fibre and foam rubber has yet to be improved on for comfort and resilience. This combination of springs and natural fibres also allows air to circulate and the seats to breathe, and inhibits perspiration.

And between London and Liverpool, as you reel in the motorway monotony, you'll find other reasons to be grateful you put your trust in the world's most experienced car maker. The accuracy and responsiveness of recirculating ball power steering, for instance, which helps to endow all Mercedes-Benz cars with their exceptional and much envied directional stability; panoramic forward vision, however bad the conditions, thanks to the 200E's single eccentric-sweep wiper which clears a larger proportion of the windscreen than any other car wiper system available. And all five of the main petrol-engined models in the 200E-300E series are fitted with closed-loop three-way catalytic converters.

The Priorities Of Experience

The list of benefits is long. And, as your dealer explains them, the thoughtfulness of Mercedes-Benz priorities, and their leadership over six decades in the development of both active and passive safety systems, will make a case to impress the most hard-nosed business-car buyer.

Which means you can add the best reasons for choosing a 200E to those which suggest it simply makes good business sense for the best of companies to travel first class.

WORLD SPORTS CAR
CHAMPIONS 1989

Engineered Like No Other Car In The World

TECHNOLOGY

The computers share the load

Della Bradshaw on how parallel processing can offer an edge to financial institutions

In 1988 the London arm of bankers J P Morgan installed a piece of software to help its dealers analyse the performance of convertible bonds. It took the personal computer two hours and 45 minutes to run the software and come up with the information.

"In our business the market doesn't wait two hours and 45 minutes," points out vice president Tom Reagan. "We just had to switch on the machine in the evening and go home."

In the hunt for a speedier option the company discovered a novel type of computer technology which accelerates calculations by processing a number of pieces of information simultaneously – instead of one bit at a time as in conventional (serial) computers.

A bit of jiggling to the software and this parallel processing machine took six seconds to carry out the task which had previously taken nearly three hours. For J P Morgan the implementation of parallel processing was as simple as inserting an extra printed circuit board into the existing PC.

J P Morgan is just one of a growing number of financial institutions that are going parallel. High street bank TSB, for example, is studying the use of parallel computer systems for econometric forecasting and also in databases to hold client information.

Bacon & Woodrow, the consulting actuary, has developed a system to help it assess the premiums that life assurance companies should charge. The actuary is now selling the software to large life assurance companies.

Although parallel processing is relatively standard on the most powerful computing machines – such as the Cray supercomputer family – the novelty in systems such as those used by J P Morgan, Bacon & Woodrow and TSB is that they incorporate parallel processing technology on PCs or mid-range computers.

The emergence of the technology at the low end of the computer market has been brought about by the development of specialist chips which combine processor and communications functions. Tens or even hundreds of these chips can be used together. In Europe this concept has been pioneered by Inmos, now part of the Franco-Italian SGS-Thomson group, with its transputer chip. In the US companies such as N-Cube have been in the forefront.

It was in the vast number-crunching requirements of the scientific and oil sectors which originally provided a ready home for these multi-processor systems. But a similar need on behalf of banks and brokerages to process huge banks of figures is now promoting their march into the financial sector.

A good example is the Bacon & Woodrow application for assessing premiums for life assurance policies. Calculating the profitability of a life policy means modelling all the pertinent factors for every month for which the policy will be in force – for the next 50 years, say. For a company with 2m policies that calculation needs to be repeated 2m times – computationally a very intensive task.

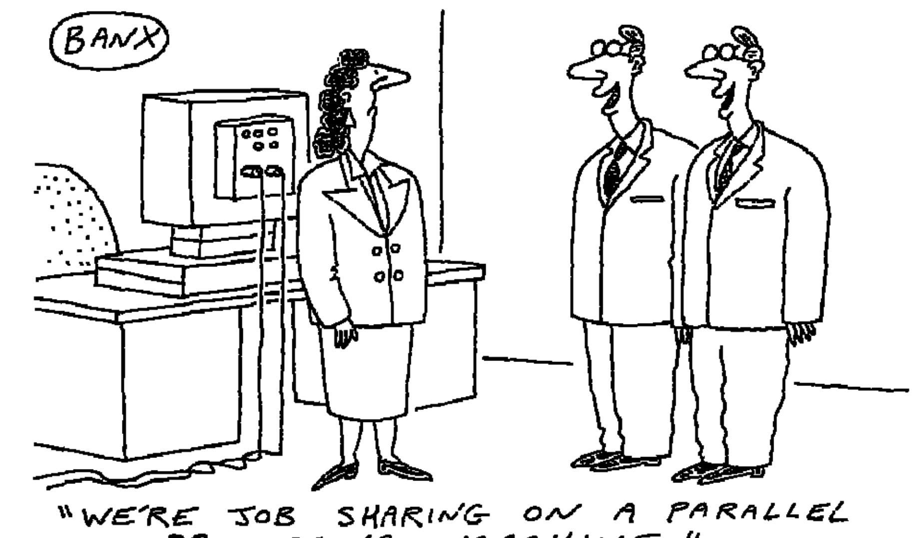
In addition, banks and insurance companies rely on the sort of the data that can be handled easily by parallel computers, because it can be broken up easily into separate chunks, so that each chunk can be allocated to a different processor.

"Because life assurance is about independent people you can process each policy completely separately," says Steven Haasz, project leader in the computer development department of Bacon & Woodrow. Haasz believes the same principles apply to pensions, salaries and bank statements.

Taking the concept one step further is an insurance system developed by the Transputer Support Centre, in Sheffield, for modelling insurance policy proposals. In this application each transputer runs a different policy model, says Roger England, manager of the centre. So when a client asks for a range of different quotations for life assurance, his or her details – age, health and so on – are processed by each transputer in turn. Each processor produces a different policy with different premiums and benefits, but all for the same client.

The low cost of parallel computing, bit per bit, compared with other computer solutions is also proving attractive to financial institutions, says Christine Irwin, director of business systems at Enpower, the Cheshire-based software house which specialises in software for parallel computers.

"Until recently financial institutions have been quite rich and used lots of large mainframes," says Irwin. "Now they are becoming more conscious of how much their data processing is costing them."



"WE'RE JOB SHARING ON A PARALLEL PROCESSING MACHINE."

The cost of parallel computing hardware can be one tenth of that of mainframes with the same theoretical processing power. For example, a 16 processor machine from Parsys, the Thorn EMI subsidiary, costs from £50,000, while boards with single transputers on them cost about £1,500. Multi-processor machines are also available from companies such as Meiko and Sension.

For J P Morgan the decision to install parallel processing hardware for its first convertible bond system was one of expediency. "We had already invested a lot of money in the model," points out Reagan. "On top of that the amount of investment needed for a single transputer was extremely small. It was an easy decision."

Because the system proved so successful, the bank began looking at the technology as a way of solving other problems. It has now introduced a second system from Parsys, which incorporates 16 transputers and can process up to 200 millions of instructions per second (mips), for spotting arbitrage opportunities.

Reagan believes the system, which he describes as "one small box strapped to an [IBM] AT", will give dealers a higher level of analysis, resulting in better deals.

Although Reagan acknowledges that price was clearly a factor in opting for the system, he believes it was the ease of use of the software, which is set up in a spreadsheet format, that was the real selling point. "There's nothing easier to use than a spreadsheet. The traders can change the parameters themselves on a daily basis. They can sit down and develop their own simulation models."

Although parallel-processing systems have obvious advantages, their future will depend on whether manufacturers develop the appropriate operating and applications software to run on the machines. "The hardware is there, but the extreme problem is the lack of software," says Bill Edisbury, director of technology at TSB.

Although the operating systems are largely proprietary, manufacturers are moving towards the introduction of "open systems" and, in particular, the Unix operating system, says Peter Dzwig, marketing manager for Parsys. Then, in theory, software written for other Unix systems could be transferred to parallel machines.

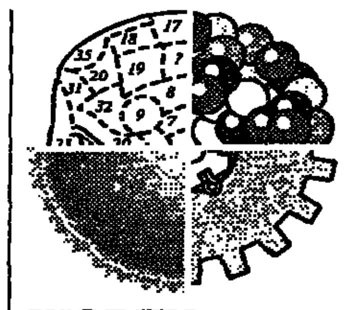
But things might not prove so easy. "The problem is how to segment the data," Irwin says. "When you're designing a database you need to ensure that the data that is used together is kept together." If not, she points out, it could take time to get the different pieces of information during a database search and that could reduce the speed advantage of the system.

Irwin also cautions against being too euphoric about the cost advantages of parallel processing. Although all applications written for the new machines would run on them, older applications cannot be transferred. "At the moment there is a very large investment in Cobol out there," she warns.

As well as the technical drawbacks, parallel processing in PC machines has faced obvious resistance from the larger computer makers, eager to protect the revenue they get from mainframe computer hardware and software.

But now the computing fraternity is clearly beginning to take parallel processing seriously. Perhaps the biggest stamp of approval came from Oracle, the database company, which announced that it will make its software available on parallel processing machines.

It is in this area of parallel processing for databases that Edisbury sees an enormous potential, both for the financial sector and for management information systems generally. In the future he envisages a scenario where a bank manager could use a database running on parallel processing hardware to make on-the-spot calculations about how thrifty or reliable a customer is.



WORTH WATCHING

by Della Bradshaw

Kick to speed up the disk drive

ALTHOUGH mainframe computers process information more and more quickly, the disc drives needed to store all the data have lagged behind. As a result many mainframes are only as quick as the disc drives from which they get their information.

To help solve the problems researchers at the University of California at Berkeley have devised a disc architecture to help decrease the time it takes to get the information from disc to processor. Raid (redundant arrays of inexpensive discs) also gives increased data security.

The first company claiming to have developed Raid storage systems is EMC, of Hopkinton, Massachusetts. It has implemented the technology by combining magnetic disc arrays with memory chips (cache memory).

This cache memory can memorise the data more quickly than magnetic media and so can be used to hold the data temporarily until the disc is ready to accept it, so speeding up the process.

EMC says another big advantage of Symmetrix, as it is called, is that it takes up only 20 per cent of the floor space of more traditional disc storage systems.

● COMPUTER manufacturer Digital Equipment has now turned to compact discs as the storage medium for sending out the latest software to its subscribers.

The benefits to customers are in the reduced storage space needed – one single-sided compact disc can store a mini encyclopedia – and in the reduced cost. Compact discs are cheaper bit per bit than other storage media.

Digital will send out the discs to all participating customers every two months, but only those who have subscribed to a particular piece of software will be able to use it. That is because they will need a product authorisation key – a piece of computer code – to unlock the software and they will only get that if they purchase the software.

Batteries with a thin skin

HYDRO-QUEBEC has formed a joint venture with Japan's Yuasa Battery company to commercialise a new super-thin battery for use in electronic products, writes Robert Gibbens.

Hydro-Quebec, one of Canada's two largest electric power utilities, has invented the new solid polymer electrolite battery at its research centre near Montreal. The lithium polymer cells are composed of multiple layers of thin film.

The battery, besides being lightweight, is rechargeable and can be moulded into many different shapes.

The joint venture will spend nearly $6m over the next three years developing the battery for mass production. The first manufacturing plant, costing nearly $10m, will be built in Japan and the second in Quebec.

A knock-out of a weed killer

A WAY of inhibiting the growth of weeds, while reducing the amount of environmentally-damaging herbicides used, has been developed by the Weizmann Institute in Rehovot, Israel.

The breakthrough involves the development of a special chemical agent which is applied alongside an ordinary herbicide. The agent has been designed to knock out the weeds' defences against the herbicides.

The agent, known as a chelator, does this by removing metals from the weeds' enzymes. It is these enzymes which fight back against the herbicides, and to do that they need certain trace elements in their make-up. The removal of the metals sabotages the plant's ability to fight the herbicide, and so a much smaller quantity of the weed-killer is needed.

The cocktail is intended for use in fields which need to be cleared prior to crop planting.

Strong barrier stands the blast

THE improved safety of workers on offshore oil and gas rigs has been the motivating force behind the development of a blast and fire resistant barrier by Cape Durasteel, of Wellingborough.

It has developed a barrier made of a sandwich of steel filled with a cement-like composite which is fixed to a steel structure. In tests, says the company, the barrier has resisted blasts of up to two bar – in a real explosion such a blast would destroy the entire rig.

The barrier could be used to separate the areas of the rig where explosions would be most likely to occur from other areas such as the accommodation block.

Rose-coloured glass windows

A NEW type of glass that can be "switched" from clear to opaque and vice-versa, as easily as switching a light on and off, is tipped to open new windows of opportunity to the world of interior design, writes Laura Blair.

The glass, developed by US chemicals company Raychem and manufactured for Europe under the name Priva-lite by Belgium's Glaceries Saint-Roch, consists of a film of liquid crystal set between two sheets of laminated glass.

In their normal state the crystals are dispersed and the glass is opaque. But when a small current is applied, the crystals are activated and drawn together, and the glass becomes completely transparent. The electrical wiring is built into the frame on which the glass is mounted, and simply plugs into the mains.

In the US the glass, which comes in a variety of tints, has already proved successful as an alternative to blinds and curtains, giving push-button privacy in executive offices and conference rooms. Priva-lite's UK supplier is AFA, of Cobham.

Contacts: EMC: US, 508 435 1000. Digital: US, 508 493 5111; UK, 0734 868711. Yuasa Battery: Japan, 03 437 2423. Weizmann Institute: Israel, 08 483512. Cape Durasteel: UK, 0933 440055. AFA: UK, 0932 0932 66706.

Surplus of city centres bodes ill

AFTER the party, the hangover. The heady years of the retail boom combined with a *laisser faire* planning regime have left many of those concerned with a throbbing headache. Empty shops, run-down city centres and a shortage of new investment are the most obvious symptoms of this malaise.

That, at any rate, is the conclusion of some of the most influential retailers in the country. The Oxford Retail Group, a think-tank made up of retailers, investors and agents, has just published its – somewhat depressing – thoughts on retail property.

The group, which is composed of companies and institutions such as Boots, John Lewis, Land Securities, Norwich Union and WH Smith, was set up three and a half years ago, in response to worries about the lack of guidance and the pro-development stance of the Department of the Environment when it was headed by Mr Nicholas Ridley.

There has been a shift of attitudes since then. Under the regime of Mr Chris Patten at the DoE, more weight is being given to the local authorities' development plans. "It is not a sea change but it is quite significant," says Mr Ross Davies, who co-ordinates the Oxford Retail Group.

The main problems that will bedevil the planners of the nineties are a shortage of investment combined with an excess of shopping centres. The result could be a depressing spiral of neglect where town centres are concerned. The buildings will become dilapidated with the knock-on effect that investment in offices, services and leisure facilities may be deterred.

It is, in the view of Mr Stuart Hampson, deputy chairman of John Lewis, a green issue. "The concern about the environment is focused on ozone layers and green fields. But the built environment of town centres is just as important."

The spectre already haunting the group is that of Sheffield. Two months ago, Meadowhall, a 1.5m sq ft out-of-town shopping centre in the Lower Don Valley near junction 34 of the M1, opened its doors. Despite the depressed state of the retail market, it got off to a highly successful start. But as the leading retailers move out of town to Meadowhall, they may leave a far less vibrant city behind them. In the view of Mr Hampson, the city centre will be "devastated".

Some comfort may be taken from Newcastle's experience. The main shopping areas of the city, such as the Eldon Square shopping centre, were not, as predicted, badly hit by the opening of the out-of-town Metrocentre. None the less, Mr Davies argues that Newcastle's city centre had special advantages, such as a metro system and an enclosed shopping centre, which helped it withstand the threat from the Metrocentre. He thinks Sheffield will not be so lucky.

The problem is that many town centres are already in poor shape, as spending on infrastructure has not kept pace with the expansion of the retail trade. "Access remains difficult and car parking is expensive, inadequate or unpleasant in many centres," says the group. The spanking new, purpose-built shopping centres that were built in the 1980s underline the deficiencies of the traditional centres, hastening the exodus out of town.

The pressure on city centres will be exacerbated by the problems of the retailers and the oversupply of developments planned in the 1980s. In the second half of the last decade, the average yearly number of openings of food superstores was twice that of the first half. The proposals for new shopping centres increased from about 30m square feet to more than 150m square feet between 1980-85 and 1988-90.

Meanwhile, there will be little money available to refurbish the town centres. Institutional interest in retail property will suffer as a result of the poor outlook for rental growth and the decline in the institutions' commitment to property investment.

Sheffield's Orchard Square centre

Moreover, the report reckons that the emergence of the Single European Market may highlight better, alternative investment propositions on the continent than at home. "Town and city centres in places like Bolton and Bristol may have to compete with those in Mulheim and Marseille."

The options for local authorities are stark, in the view of the Oxford Retail Group. If they fail to win back investor confidence by improving the infrastructure, they may as well abandon their efforts to revitalise town centres.

Players who are bucking the trend

In the litany of problems incurred by the property industry, the attitudes of the investing institutions are near the top of the list. In spite of a sharp increase in yields this year, the pension funds and life companies seem determined to sit on the sidelines. When money is spent, it is, for the most part, directed towards developments in their own portfolios, writes Vanessa Houlder.

Exceptions exist, however – although they can be counted on one hand. Why are these players bucking the trend and what sort of properties are they buying?

Of the Scottish institutions, Scottish Widows, Scottish Amicable and Scottish Provident have all made ripples in the market.

Mr David Hunter, the property director of Scottish Amicable, which has £1.4bn under management, is a firm advocate of counter-cyclical investment. He reckons that there are bargains to be had when yields of prime provincial offices stand at 8.8 per cent and prime shops at nearly 6 per cent. He has recently bought a mixed portfolio from Next for £24m.

Scottish Widows, which has a £1bn property portfolio, is also an active spender, with plans to add £100m-worth to its £1bn portfolio.

Mr Andrew Windscale, its fund manager, has been emphasising high-quality rather than high yields. An example is a recent acquisition of a low-yielding but well-placed shop in one of the prime shopping areas in Bath.

Another life fund, Friends Provident, has spent some £70m this year. "We have been trying to take advantage of the peaks and troughs by buying cheap and selling dear," says Mr David Doubble, its property fund manager.

Its strategy is to buy properties that are suitable for redevelopment within three to five years and which have an attractive initial yield. Examples include an office in central Manchester, shops in central Leeds and an industrial estate on the motorway network in the south-east.

The strategies of the other players, such as Norwich Union, TSB, Postel, Equitable Life, also vary widely, with some prefering high-quality properties and others opting for high yields. However, there seems a general reluctance to take on distressed properties, such as half-completed shopping centres. "People are picking up bargains but not taking on problems," says Mr Gareth Evans of Charterhouse Tilney.

Will others follow their example? Many institutions are taking an interest and they may be galvanised into action by the emergence of quality buildings on the market at realistic prices.

Other factors that could lead to an increase in property investment include the growing liquidity of the institutions. In June, 5.4 per cent of the institutions' assets were liquid – a similar level to that after the 1987 crash. In addition, the entry into the exchange rate mechanism and the cut in base rates may influence the decisions made at the next quarter's asset allocation meetings.

Overall, analysts expect institutions to put about £2bn into property this year. Even on the most optimistic forecasts, however, that will mop up less than a quarter of the speculative developments coming on stream each year.

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Property
Year to Sep 90	-5.9	-3.4	2.1	-3.5
Quarter to Sep 90	-2.4	-3.9	-1.8	-2.9
Month of Sep 90	-0.4	-1.0	-0.3	-0.6

Investment Property Databank

COMMERCIAL PROPERTY ALSO APPEARS TODAY ON PAGES 16, 17 & 18

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
2	3	4	5	6	7	8

EXHIBITIONS

London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has opened in London sending reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).
Hayward Gallery. Eduardo Chillida. Major retrospective of the Spanish sculptor (261 0127).

Paris

Musée Marmottan. Goya. 2, rue Louis-Boilly. Closed Mon (42240702).
Galerie Maurice Garnier. Bernard Buffet – *La Bretagne.* In his unmistakable spiky handwriting, the painter beloved by the Japanese, pays homage to Brittany's ports and beaches. 6, ave Matignon (42256165). Closed Sun, Mon and lunchtimes.
Marmottan's Monets. For lovers of impressionism, the Musée Marmottan is a must. Musée Marmottan, 2 rue Louis-Boilly, closed Mon.
Musée des Arts *Decoratifs.* Panoramic wallpapers. 107, Rue de *Rivoli* (42603214), *closed* Mon. Tue. Ends January 21.
Louvre. Euphronios. Some 60 objects, craters, amphoras and bowls testify to the art of *Euphronios*, painter and potter in the 6th century BC in Athens, in mastering the technique of *red figures on black background* (40205166).
Haboldt and Co. The newly *opened* gallery presents in its luxurious setting a selection of old masters from Holland, Germany, France, Belgium and Italy with names as diverse as Ter Borch and Canaletto, Boucher and Tiepolo. 137, rue du Fbg. St Honoré (42895851).
Galerie du Carrousel. 19th century French masters. 11, quai Voltaire (42611075). Closed Sun and Mon.
Grand Palais. Picasso. Closed Tue, Wed *late closing.*
Picasso Museum. The restored 17th century Hotel Sale, provides a fitting home for the world's largest collection of Picasso's work (42712421).
Galerie d'Art Saint Honoré. The Magic of Flemish Art. Closed Sat, Sun; *ends Nov 30 (42601503).*
Musée Rodin. Delightful 18th century town house - Hotel Biron - contains the life work of Auguste Rodin, who opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac defies time. Closed Tue.

Brussels

Musée d'Ixelles. L'Impressionisme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1860s to the 1920s. Closed Mon.
Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development.
Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 200 Paleontological exhibits.
Musée d'Art *Moderne*, Place Royale. The Goldschmidt Collection of modern paintings recently left to the museum is on view in its entirety for the first time. Works by Braque, Chagall, Hockney, Klee, Miro and others. Closed Mon.
Musées Royaux d'Art et d'Histoire. Inca-Peru an exhibition that traces the evolution and decline of the Inca culture through 450 artefacts. Closed *Mon.*

Madrid

Fundacion Juan March. Cars, Andy Warhol's unfinished series of car drawings and paintings, commissioned by Daimler-Benz on the centenary of the invention of the automobile, are now on view at the foundation on loan from Daimler-Benz in Stuttgart. Ends January.
The Cambo Legacy. Francesc Cambo, Catalan financier and politician, was also the owner of a magnificent private collection of paintings, built up between 1927 and the Spanish civil war. Botticelli, Titian, Tintoretto, Verones, Sebastiano del Piombo, Perugino, Goya, el Greco, Zurbaran, Rubens. Museo del Prado. Ends Dec.
Museo Espanol de Arte Contemporaneo. Domestic Scenes. *Everyday images of life in Spanish homes seen through the* works of a wide range of top rate artists over a 500-year period. Ends Dec 9.

Barcelona

Modernism: comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its different aspects: including painting, posters, jewelry, furniture, stained glass, wrought iron and ceramics. Ends Dec 20.
Museo Picasso. Homage to Jacqueline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso.
Fundacion *Miro.* Joseph Beuys. Some 130 drawings on the theme of oriental philosophy in an interchange with the Keftner Gesellschaft in Hanover. Closed Mon.

Rome

Palazzo Degli Esposizioni: Norman Rockwell. Oils, watercolours and sketches from the years 1915 to 1972 by a remarakable artist, *who for over 40 years designed* the front coverfor the high-circulation Saturday Evening Post. Ends Nov 11.
American Academy: Giovanni Battista *Piranesi:* 135 engravings of Rome, made around 1770, the year of Piranesi's first visit to Rome, and the beginning of his long love affair with the city.

Venice

Palazzo Grassi. From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a truly delightful canter through modern art from the late 1870s onwards. Included in the group of paintings lent by the Guggenheim in New York are 32 works from the remarkable Thannhauser collection, none of which have been back to Europe since they were bequeathed to the museum in 1940. Ends Dec 9.

Bologna

Pinacoteca Nazionale. Giuseppe Maria Crespi (1665-1747). Over 100 works by a late-flowering baroque painter, born in Bologna, whose works are now considered on a par with his distinguished predecessor, Guido Reni. His subjects range from the mythological, arcadian (endless wrestling nymphs and cherubs), to crowd scenes on local saint's days – on show is one of his best-known works in this series, the Fair at Poggio Calano) and religious works, such as The Seven Sacraments series. Ends Nov 10.

Düsseldorf

Augsburg, Kunstverein, Toskanische Saeulenhalle, Zeugplatz 4. Around 100 paintings, lithographs, engravings by the Spanish painter Antoni Taeples, born in 1923, covering the last 10 years are to be seen until Nov 11.

Dresden

Albertinum, Georg-Treu-Platz 1. Some 350 works by 170 artists who were expelled by East Germany during 1949-1989. This presentation aims to explain the difficulties of working under the communist dictatorship. Among the artists are Georg Baselitz, Gotthard Graupner, Bernhard Heiliger, Gerhard Richter, Günther Uecker and Rolf Szymanski. Ends Dec 2.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe.

Frankfurt

Staedel museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter.
Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.
Pierpont Morgan Library. Treasures of Eton College Library covers 550 years of collecting, including drawings of royalty, manuscripts and books among 200 borrowed objects.

Chicago

Art Institute. One of Chicago's most noted conteporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.
Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects.
Art Institute. The Russian Taste for French Painting is a tribute to the cultural impact of improved Soviet-American relations with its French masterpieces borrowed from the Hermitage and Pushkin Museums. Works from Poussin to Matisse include Manet, Renoir, Cezanne and Gauguin.

Tokyo

Masterpieces of Japanese Art. This selection of 250 major works has been drawn together to mark *the accession of the new* Emperor. It includes rarely seen pieces from the Shosoin Treasurehouse in Nara, *the Horyuji* Temple, the Imperial Household collection and elsewhere. National Museum. Closed *Mon.*
Hara Annual 10. Since its establishment 10 years ago, this museum has held an annual show of young and emerging Japanese artists: an opportunity to observe new developments and directions in Japanese art. Hara Museum.
Azabu Museum of Arts and Crafts. Ukiyo-e prints and paintings of flowers and birds: from the Rockefeller collection in the US.
William Blake: 200 iodiosyncratic works by the English revolutionary, visionary, poet and painter. Part of the UK 90 Festival. National Museum of Western Art. Closed Mon.
Treasures of the British Museum. Highlights from the civilizations of Mesopotamia, ancient Egypt and Greece, India, Meso-America and Polynesia. Many of the 250 exhibits have never left the *British* Museum before. Another UK 90 *event.* Setagaya Museum. Closed Mon.
Dante Gabriel Rosetti. Exhibition of some 120 paintings and drawings. Bunkamura, The Museum.

MUSIC

London

Handel: Israel in Egypt. The Royal Choral Society and the Wren Symphony Orchestra, conducted by Laszlo Heltay (Fri). Royal Festival Hall. (928 8800).
Segovia Trio perform Spanish dances (Fri). Purcell Room. (928 3002).
Mahler's Das klagende lied, Giuseppe Sinopoli conducts the Philharmonia (Sun). Royal Festival Hall.
Bach Mass in B minor. London Bach Orchestra (Mon). Barbican Hall.
Leipzig Gewandhaus Orchestra conducted by Kurt Masur perform Brahms' first and second symphonies (Tue). Barbican Hall.
London Symphony Orchestra conducted by Paavo Berglund perform Beethoven and Sibelius (Wed). Barbican Hall.
Britten String Quartet play Tippett and Beethoven (Op 130 with Grosse Fuge) (Wed). Queen Elizabeth Hall. (928 3002).
Leipzig Gewandhaus conducted by Kurt Masur with Alfred Brendel in Brahms' third symphony and first piano concerto (Thur). Barbican Hall.

Paris

Cecile Ousset, piano. Chopin, *Liszt,* Rachmaninov (Mon). Salle Gaveau (49530507).
Ensemble Orchestral de Paris with Pierre Reach, piano, Quatuor Viotti. Beethoven, Schubert, Schumann (Tue). Salle Gaveau (49530507).
Amsterdam Baroque Orchestra conducted by Ton Koopman. Mozart (Mon). Théâtre des Champs Elysées (47203637).
Orchestre de Paris conducted by Sir Georg Solti. Bartok, Bruckner (Wed, Thur). Salle Pleyel (45638873).
Orchestre National de France conducted by Christoph Eschenbach, with Bruno-Leonardo Gelber, piano. Schumann, Rachmaninov, Schnittke, Tchaikovsky (Thur). Théâtre des Champs Elysées (47203637).

Frankfurt

Frankfurt Radio Orchestra under Elio Boncompagni with tenor Jose Carreras (Sat). Alte Oper.
Julliard Quartet plays Bach (Sun). Alte Oper.
Miles Davis European Tour 1990 (Tue). Alte Oper.

Munich

Munich Radio **Orchestra** under Semyon Bychkow. Strauss and Beethoven (Fri). **Herkulessaal** der Residenz.
Royal Philharmonic Orchestra and Kurt Nikkanen (violin), conducted by Vladimir Ashkenazy. Berg, Mendelssohn and Tchaikovsky (Sun). Philharmonie im Gasteig.

Berlin

Berlin Philarmonic Orchestra conducted by Zubin Mehta with Eva Marton, Brigitte Fassbaender, Heinz Zednik, Bernd Weikl and Keith Lewis. Strauss's *Salome* in a concert version (Tue, Thur). Philharmonie.

Cologne

Cologne Radio Orchestra and Choir, Stuttgart Choir with Ian Copley (tenor), Roland Hermann (baritone) and Boris Coarmell (bass), conducted by Gary Bertini with Tabea Zimmermann (viola). World premiere of Mark Kopytman's Cantus V.

Amsterdam

Netherlands Philharmonic with Eliane Rodrigues (piano), Hartmut Haenchen conducting. Mendelssohn, Beethoven, Schumann. Concertgebouw (Fri, Tue).
Royal Concertgebouw Orchestra conducted by Riccardo Chailly, with Montserrat Caballe (soprano). Tchaikovsky, Verdi, Wagner, Richard Strauss. Concertgebouw (Sat).
Shostakovich Trio. Rachmaninow, Arensky, Shostakovich. Concertgebouw (Tue).
Royal Concertgebouw Orchestra conducted by Jakov Kreizberg, with Karine Goergian (cello). Penderecki, Stravinsky. Concertgebouw (Thur) (718 345).
Netherlands Chamber Orchestra with Heinrich Schiff and Herre-Jan Stegenga (cellos). Vivaldi, Lutoslawski, Beethoven. Beurs.

Utrecht

Rufus Muller (tenor) accompanied by Christopher Wilson (lute). Dowland, Holborn, Gueron, Caccini. Vredenburg (Fri).
Netherlands Philharmonic with Eliane Rodrigues (piano), Hartmut Haenchen conducting. Mendelssohn, Beethoven, Schumann. Beurs (Sat).
Krystian Zimerman (piano). Debussy. Beurs (Mon).
Amsterdam Baroque Orchestra conducted by Ton Koopman. Mozart. Beurs (Tue).

Antwerp

Budapest Symphony Orchestra and Chorus conducted by Andras Ligeti with soloists perform Beethoven's Ninth Symphony. Sportpaleis (Sat).

Brussels

Ann Murray (mezzo soprano) accompanied by Graham Johnson (piano) in recital. Barber, Berlioz, Schubert, Schumann, Strauss (Sat). Théâtre Royal de la Monnaie.
Belgian National Orchestra conducted by Dirk Brosse with Jo Alfidi (piano). Bernstein, Gershwin. Concert Noble (02-267 85 93) (Sat).
Brussels Madrigal Singers conducted by Paul Dury with vocal and instrumental soloists perform Cesar Franck to mark 100th anniversary of his death. Cathedrale Saint Michel (Sun).

Madrid

Spanish National Orchestra and choir *conducted by Antonio Ros-*Marba, with Sabine Hass (soprano), Anita Hermann (contralto), Norbert Orth and Manuel Cid (tenors), Oskar Hillebrandt(baritone), Matthias Holle (bass). Wagner programme (Fri, Sun). Auditorio Nacional de Musica (337.01.00).
Guillermo Gonzalez (piano), Schubert, Schumann, Oliver, Albeniz (Fri). Auditorio Nacional de Musica (337.01.00).
Vienna Philharmonic conducted by Riccardo Muti. Beethoven, Brahms (Sat). Mozart, Schubert (Sun). Auditorio Nacional de Musica (337.01.00).

Barcelona

Orquesta Ciutat de Barcelona conducted by Victor P. Perez, with Catherine Cho (violin). Marco, Prokofiev, Dvorak (Fri, Sat, Sun). Palau de la Musica Catalana (268.10.00).

Bologna

Melos Quartet playing Haydn and Bartok (Mon). Teatro Comunale(529999).

Florence

Vienna Philharmonic conducted by Riccardo Muti. Beethoven and Brahms (Wed); and by Vladimir Delman in J.C. Bach and Tchaikovsky (Fri, Sat, Sun). Teatro Verdi (212320).

Rome

Canadian Brass Orchestra playing Bach's Art of Fugue (Fri) and John Neschling conducting Schumann, Villa-Lobos and Dvorak (Sun, Mon, Tue). Auditorium in Via Della Conciliazione (6541044).

New York

New York Philharmonic conducted by Erich Leinsdorf with Charles Rex (violin). Stravinksy, Dallapiccola, Brahms (Tue); Erich Leinsdorf conducting. Stravinsky, Debussy, Beethoven (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

National Symphony conducted by Mstislav Rostropovich with James Galway (flute), Toshiko Kohno (flute). Weber, Khatchaturian, Frescobaldi, Cimarosa, Tchaikovsky (Tue); Mstislav Rostropovich conducting with William Steck (violin). Nicolai, Rosenman (world premiere), Beethoven (Thur). Concert Hall, Kennedy Center (467 4600).

THEATRE

London

Aspects of Love (*Prince of Wales*). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. A probable, but unspectacular, hit (839 5972).
Singer (Barbican). Anthony Sher in Peter Flannery's modern Jacobean tragedy that reflects a darkly comic view of Britain since the Second World War. (638 8891).
Absurd Person Singular (Whitehall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (867 1119). Extended until January
Man of the Moment (Globe) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipulation (437 3667).

Amsterdam

The Glass Menagerie by Tennessee Williams performed by the Stalhouderij Theatre Company and directed by Nancy Gobor. Stalhouderij (1st Bloemdwarsstraat 4) (not Mon or Tue) (262 282)

New York

Falsettoland (Lucille Lortel). It will be known as the musical about Aids first hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitzvah and his parents, all three of them (924 8782).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).
Cats (Winter Garden). Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies (239 6200).
Gypsy (St James). This 30th anniversary production is a reminder of the heyday of the American musical with memorable tune after memorable tune, as well as a forceful plot about the ambitious stage mother who encourages her daughter even into burlesque (246 0102).

Tokyo

Kabuki: Performances at Kabuki-za centre around a name-taking ceremony for the actor Senjaku, who follows in his father's footsteps to become Ganjiro III. Both performances (11am, 4.30pm) are mixed programmes, combining drama, spectacle, song and dance. Earphone guide in English and English-language programme (541 3131).

INTERNATIONAL PROPERTY

COMPANY NOTICES

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CITIZEN WATCH CO., LTD.

(1) U.S.$50,000,000 3 per cent. Convertible Bonds 2000 (the "Bonds"), and

(2) U.S.$50,000,000 3⅞ per cent. Guaranteed Notes due 1991 with Warrants (the "Warrants")

Pursuant to the trust deed dated 28th March, 1985 and the Instrument dated 6th May, 1986, under which the Bonds or the Warrants were issued, notice is hereby given that, because of the issuance of new notes with warrants on 1st November, 1990 the conversion price of the Bonds and the subscription price of the Warrants has been adjusted as follows:

	Before Adjustment	After Adjustment
(1) Conversion Price of the Bonds	Yen 561.30	Yen 559.20
(2) Subscription Price of the Warrants	Yen 507.50	Yen 505.60

Such adjustment took effect as from 1st November, 1990.

CITIZEN WATCH CO., LTD.

By: THE DAI-ICHI KANGYO BANK LIMITED, LONDON AS PRINCIPAL PAYING AGENT FOR BONDS

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NOTICE IS HEREBY GIVEN that the Joint Liquidators of the above company intend to make a distribution to the creditors who wish to participate in the distribution must submit full details of their claims and their names and addresses to Mr. P.W. Wallace the Joint Liquidator, at the offices of KPMG Peat Marwick McLintock, P.O. Box 730, 20 Farringdon Street, London EC4A 4PP on or before the 23rd day of November 1990. A creditor who has not submitted a claim by that date is not entitled to disturb, by reason that he has not participated in it, the intended distribution or any further distribution which may be made before his claim is submitted

Dated 2nd November 1990

P.W. Wallace.

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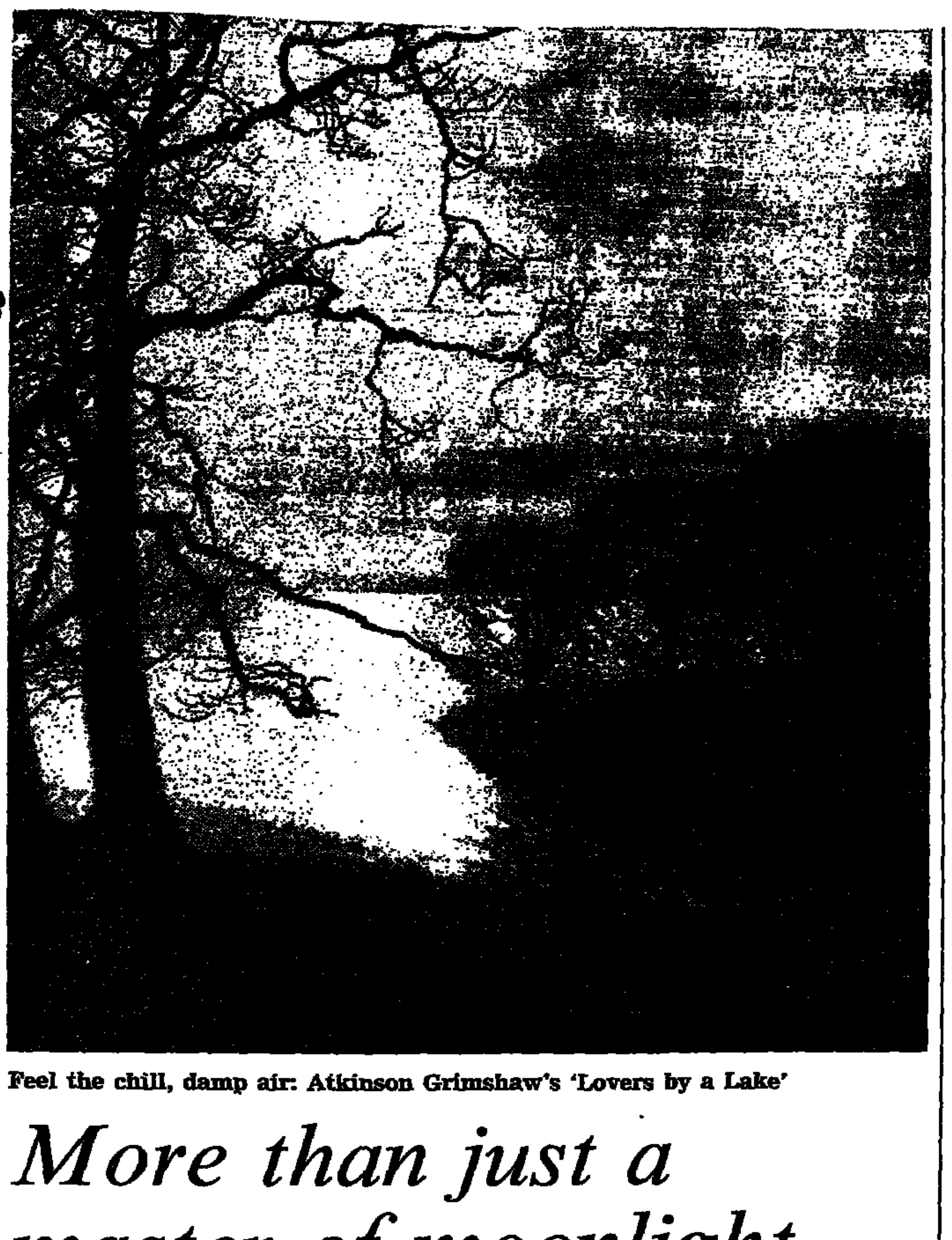
ART GALLERIES

MICHAEL PARKIN GALLERY, 11 Motcomb St, SW1. 071 235 8144. Paul Stevensons 'The Chair' last day

ARTS



Feel the chill, damp air: Atkinson Grimshaw's 'Lovers by a Lake'

More than just a master of moonlight

Susan Moore on the work of Atkinson Grimshaw

It is hard to believe that a celebrated painter could live, work and die in 19th century England without leaving more than a shadow of himself in the literary sources of the day. Atkinson Grimshaw, the Leeds-born master of moonlights, left no illuminating diaries or letters, and little impression on life and art as recorded by others. His pictures must speak for themselves.

Fortunately, they are as lyrical as they are original evocations of Victorian Britain. Grimshaw transcribed shrouding sea-fogs in the new docks, and the chill damp air of autumnal mornings in the industrial suburbs, and we can taste it. And feel the water from the puddles of muddy lanes seep into our shoes.

There has been only a handful of exhibitions since Grimshaw's "rediscovery" in the late 1950s and burgeoning market success in the 1960s, and none for over a decade. Meanwhile, he has become ever more familiar, the darling of picture researchers seeking atmospheric book covers for the great industrial epics. For the delectation of new fans and old devotees, dealers Christopher Wood and Richard Green have combined forces to stage a small but representative gathering of paintings and watercolours, fleshing out some 28 sale pictures with loans.

Grimshaw abandoned his job as a railway clerk in the early 1860s to earn a living as an artist (for which he was not conventionally trained), no doubt aware of the rich possibilities of local patronage. A vibrant early watercolour landscape shows him under the sway of the Leeds Pre-Raphaelite John William Inchbold, and Ruskinian "truth to Nature". Presumably, he lacked the financial wherewithal to indulge in this time-consuming technique, for his brushwork soon broadened and he began, no one knows why, to paint his famous moonlights.

Perhaps, as has been suggested, he had seen Walter Fawkes's Turner moonlights and marines at nearby Farnley Hall. What his moons behind scudding clouds in deep turquoise skies bring to mind much more are the "Night Pieces" of Wright of Derby of a century before. There is a comparable interest in contemporary life, and the contrast of effects of natural and artificial light. Wright's white-hot iron in a blacksmith's forge or the earthstopper's lantern, is replaced by the phosphorescent gas light glaring from shop and office windows. Arkwright's Mill becomes the giant Grand Hotel looming across Scarborough Bay.

The literary associations of Wright's nocturnal landscapes, and those of Danby, are more covert in Grimshaw. He seems more to be moved by the same spirit as his beloved Tennyson than to illustrate his poetry. In the same way, Dickens's Coketown is perhaps nowhere more effectively evoked than in Grimshaw's frieze of factory chimneys reflected in the murky River Aire.

There are wonderful contemplative and elegiac night scenes here – of Whitby, Scarborough and Leeds, the Thames at Blackfriars and Battersea, and of high-walled suburban lanes where light is reflected from the puddles rather than the river or sea. Whistler is supposed to have said: "I thought I had invented the Nocturne, until I saw Grimmy's moonlights". Least satisfactory is the group of formulaic dock scenes churned out to great effect and success after a mysterious financial crisis around 1880. Glasgow could as easily be Liverpool or Hull.

What the show demonstrates admirably is that there is more to Grimshaw than moonlight. He remained as receptive to new ideas as he was from the first, when he assumed the Pre-Raphaelite mantle. The influence of Tissot in the 1870s is witnessed in the subjectmatter and colourful palette of "In the Pleasaunce" and the recently rediscovered "The Cradle Song". Both are scenes of fashionable women in the fashionable Aesthetic home, all oriental silks, parasols, and blue and white porcelain. Despite their domesticity, these pictures are stilted and strangely lacking in intimacy.

Here is a Tissot-style portrait study too, and a pair of surprising late riverscapes, where the delicate deep blue of sky and water is parted by a thin violet shore. Here Grimshaw is at his most Whistlerian, and Whistler (whom he knew) provides the breadth and tonality of two small beach scenes. They might almost be by Boudin, save for the detail of the figures, the rock and the gulls.

The exhibition shows at the Richard Green Gallery, 39 Dover Street, London W1, November 7-23.

Massenet and Martinu in France

Two neighbouring cities in central France have just staged different operas using an identical production technique – viewing the action as a film in the making. Saint-Etienne launched its first Massenet Festival with *Cléopatrâ*, the last of Massenet's 27 operas unseen in his lifetime and unperformed since 1920. Lyon staged Martinu's opera-film *Les Trois Souhaits*, a work at once bursting with Parisian modishness of the 1920s and far in advance of its time.

Both productions were set in a film studio, with the action constantly framed and interrupted by the "real" lives of the protagonists and their colleagues behind the cameras. Both included the screening of a film, showing rushes of what had already been acted out on stage. Both ended with the principal characters adjusting to the lonely life of the real world.

On their own terms, each made highly entertaining music-theatre. Where they differed was that Martinu and his collaborator, Georges Ribemont-Dessaignes, intended *Les Trois Souhaits* as an opera-film – and the Lyon production exploited its multi-dimensional possibilities to the hilt. Massenet, in contrast, wrote *Cléopatrâ* to a tried (perhaps one should say tired) formula, with which Saint-Etienne took considerable liberties.

Massenet is Saint-Etienne's most improbable son: the city is a congested mess, and the festival – evolving from a series of unusual productions at the modern, functional Maison de la Culture in recent years – is part of a campaign to dust up its depressed image. Like the Berlioz Festival at Lyon, it will be a biennial event. *Cléopatrâ*, together with the oratorio *La Vierge* and fringe concerts, attracted handsome sponsorship from France Telecom, and made a big opening splash.

Massenet's "drame passionel" about Cleopatra and Mark Antony was premièred in Monte Carlo in 1914, and enjoyed a few performances in the French provinces before Mary Garden sang it in Paris. Its appeal may have dated, but it is not as weak as its long neglect would suggest. Although Massenet was ill-equipped to tackle a theme of such classical opulence, the opera is well laid out and includes a surprising amount of good music – notably Cleopatra's splendidly theatrical entry "Je suis venu", Mark Antony's aria of despair and some charming Act II processionals. These, together with Cleopatra's Act IV nocturne, are vintage Massenet.

By using the dramatic parentheses of a 1930s Hollywood film spectacular (complete with an army of extras, studio tantrums and false effects), the producer, Guy Coutance managed to lend credibility to a plot that might otherwise have dissolved into kitsch. True, there was an element of modishness about it, and the final act – stripped of Christine Marest's film-set decor and Frederic Pineau's luxurious Egyptian gowns and head-pieces – simply lost its way. But the conviction, stylishness and sheer fund of ideas running through the enterprise conquered all reservations.

For the cast nothing but praise: Kathryn Harries added to her growing list of continental triumphs with a portrait that encompassed the glamorous allure of a film star and the composure of a classical heroine. With her rich lower range, she was ideally equipped to handle Cleopatra's melodramatic vocal lines, though she might occasionally let go a bit more – the top of the voice could do with more sparkle. Mark Antony, a baritone role, was elegantly sung by a promising young Frenchman Didier Henry.

The only other major parts are Spakos, the slave who wins Cleopatra's attention, and Mark Antony's Roman bride, Octavie, sung by Jean-Luc Maurette and Danielle Streiff. The performance was skilfully conducted by Patrick Fournillier, whose enthusiasm for the byways of French opera is proving infectious.

*

Les Trois Souhaits offered prominent parts to many who contributed to the Opéra de Lyon's recent success with *L'Amour des Trois Oranges*. It was another magnificent company effort, making one impatient for the promised commercial recording. The Lyon music director, Kent Nagano, underlined how nimbly and wittily Martinu flitted through the musical fashions of the 1920s.

This was echoed in the fast-moving staging by Louis Erlo and Alain Maratrat, which tended to underline the slight nature of the score in a way that the modest, conventionally-operatic Prague production earlier this year avoided. But it was a penalty worth paying.

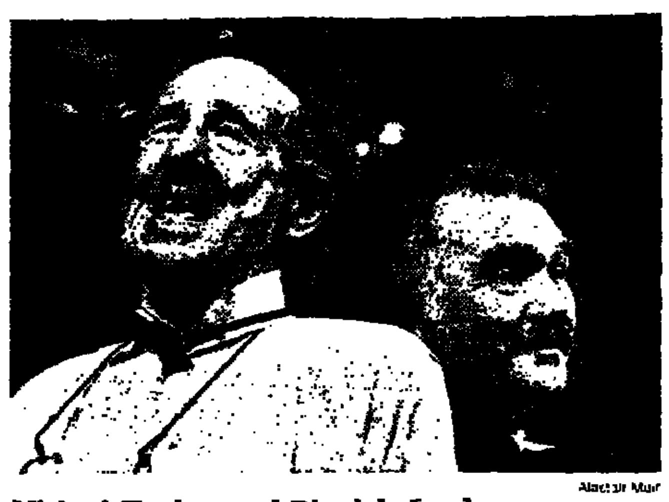
The whole of the lower floor of the Auditorium Maurice Ravel was transformed into a vast, heavily populated arena of film props and cameras, in a vibrant 1920s ambience (there was the added irony of a French television crew recording the whole event). Played without an interval, the performance was marvel of theatrical construction in the way it alternated between the volatile normality of the "real" world and the surreal events of the film.

Heading a large, expertly-rehearsed cast were the Swiss baritone Gilles Cachemaille as Monsieur Juste, Valerie Chevalier as Indolende, Christian Papis as Adolphe and Hélène Perraguin as the Fairy. The smaller roles featured such familiar faces as Jules Bastin, Jocelyne Taillon and Ricardo Cassinelli, repeating his Argentine sailor from the 1973 Lyon production. Hard to believe this was only the fourth time the work has been staged since its belated première in 1971: one came away amused and amazed, but above all heartened that Martinu's quirky genius is finally being recognised.

Andrew Clark

Bookends

APOLLO THEATRE



Alastair Muir

Michael Hordern and Dinsdale Landen

It is a change in London's West End to come across a play that is wholly English: English writer, English actors, English director and English setting. Perhaps that's what's wrong with *Bookends*. It is hard to imagine how such a piece could have reached such a prominent stage as the Apollo without the names attached to it: Keith Waterhouse as author, Ned Sherrin as the director, and Michael Hordern and Dinsdale Landen as the two on-stage performers.

Bookends is rooted in the British radio shows of the late 1950s and the radio and television quiz shows thereafter. It appears to be subject to no external influences whatsoever, and indeed no new influences of any kind. In the world of Keith Waterhouse time and style stand still, except perhaps that nowadays literary figures now receive more attention than they used to. Some of them have become media stars, if not quite household names, in their own right. As if in acknowledgement of that, Waterhouse makes several unpleasantly sneering references to Salman Rushdie rather in the way that "Much Binding in the Marsh" might have made jokes about Sir Stafford Cripps.

The old radio shows were at least funny. *Bookends* is not. It is about an aspiring figure in the literary/cultural world who is still under the influence of his old housemaster. The literary man, naturally a member of the Garrick, is played by Landen, the retired housemaster by Hordern. The piece proceeds by dropping the name of practically every living British author and hanger-on that you can think of, and expecting a laugh: Drabble, the younger Amis, Clive James, A S Byatt, Lord Weidenfeld, Dick Francis.

There is also a pretence of making jokes about language, particularly through a search for anagrams. Thus when dinner is announced someone says that "steak" is an anagram of Keats and "wash" an anagram of Shaw. The rest of the gags are no better. It is claimed that Clive James had his most treasured correspondence with Mother Teresa. "What was her surname? It must be more than 'Calcutta'". So they look it up in the reference book and find "Calcutta, O: see Tynan, K."

The debt to the past is at least implicitly stated. There are references to the old radio comic, Charlie Chester, and to Enid Blyton – "are you a famous five man?" The leaning on quiz shows comes out in a question like "what are your five least favourite words?" It would be nice to think that *Bookends* contains some kind of satire. If so, it is directed at the Garrick. The aspiring literary figure wears not only the ordinary Garrick tie and a Garrick bow tie, but also a Garrick cummerbund, socks and a pocket handkerchief in the Garrick colours and at one stage even has a pair of Garrick-coloured pyjamas. The Garrick is sometimes a rather noisy club, but not even its members behave like that. In short, this is a thoroughly dismal evening.

Malcolm Rutherford

Travels With My Aunt

LYRIC THEATRE, HAMMERSMITH

Gender-switching (a man playing a female role and vice-versa) is the commonplace, indeed it is fast becoming the cliché, of the contemporary theatre. Twenty years ago, however, when Giles Havergal moved from the Palace Theatre, Watford, to take over the Glasgow Citizens Theatre it was an outrageous novelty outside of farce; in 1970 Glaswegian critics were unanimously vituperative about Havergal's all-male production of *Hamlet*. Two decades later his all-male production of *Travels with My Aunt* seems likely to settle in at the Lyric, Hammersmith, until November 10, without a single hackle being raised in protest.

It was designed originally to provide something cheap and cheerful – Michael Coveney tells us in his book, *The Citz* – after the inroads made last year into the budget by *Macbeth* and *The Crucible*. But, as often happens, the need for thrift has had a happy outcome artistically. A male quartet whose members are Havergal, Patrick Hannaway, Gavin Mitchell and Derwent Watson, dressed in uniform grey suits with red short-sleeved pullovers, play all the roles. Often they change from one part to another in the middle of a scene. Far from confusing us, this kaleidoscopic approach preserves the outline of Graham Greene's larky novel of 1969 with faithful lucidity. Stewart Laing's adaptable open set largely consists of cane chairs and cafe tables, surrounded by a border of dahlias or, later on, more exotic tropical flora. This design may be used instantaneously to suggest any location the text requires from Brighton, Sussex to Asunción, Paraguay. Each geographical shift is announced on an overhead illuminated readout.

Everything goes without a hitch, the four chaps moving around with the precision of formation dancers. They alter their voices as deftly as they change places. They share the part of Henry Pulling, the retired bank manager, who discovers, thanks to his outspoken and imperious Wodehousian aunt Augusta, that life becomes more real when it is lived dangerously. Havergal alone plays Augusta, in a piercing falsetto, and woeful gestures of the arms and hands, seemingly borrowed from Alastair Sim whose towering height he equals. Hannaway's tubby, earthy presence makes a fine contrast, both as Augusta's black servant/lover Wordsworth, and the sinister Mr Visconti who, the many references to Walter Scott reveal, is meant to be a contemporary version of the hero/villain Rob Roy.

This performing version of *Travels With My Aunt*, by Havergal and Jon Pope who jointly direct, preserves the more subtle features of Greene's text because every word spoken is taken from the original. It makes for a relaxed, entertaining couple of hours with an unusual theatrical flavour.

Anthony Curtis

Tartuffe

HACKNEY EMPIRE

François Bernier, a French traveller and friend of Molière, brings the Indian emperor Aurangzeb "a gift from the west" – the new play *Tartuffe*, translated and adapted by Aurangzeb's court poet.

It is an appropriate opening to Jatinder Verma's production of Molière's comedy. For much of this year Verma, artistic director of the London-based Asian arts group Tara Arts, has been offering British audiences this gift from the east, touring round the country under the auspices of the National Theatre's education department.

In Magdalen Rubalcava's design, the court poet's version of Molière is presented under a net canopy, and in an arena apparently bordered by tennis nets. This is no fluke: Verma's is an intensely playful interpretation, dedicated to the "maker of plays", the elephant-god Ganesh. He works deftly within Asian and European traditions of theatrical play – legend, fairy-tale, music and dance – to which he and his players make constant and unselfconscious reference.

But Orgon's household is also preoccupied with real games, from leapfrog to badminton. Indeed, this production suggests that one of Tartuffe's most obvious hypocrisies is his ostensible preference for praying above playing. When badminton becomes the medium for flirting with Orgon's wife Almirah, Nizwar Karanj's unctuous "faking fakir" is quick to take up a racquet.

Shelley King's maidservant is at the centre of this production. She manipulates Orgon's household and the audience with nods, winks and a quick-witted consciousness that she is a player within a play: "I have seen enough street-plays in the bazaar to know better," she warns Orgon, evading his attempts to silence her asides.

The only problem with such self-confident theatricality is that it enables Verma to gloss over Molière's darker moments: Tartuffe's transformation from false piety to genuine tyranny is not that chilling, even though the court poet brings his adaptation to a premature close at the eviction of Orgon and his household. This is a game, albeit a sophisticated one which exposes the contrived nature of Molière's original last scene.

This delightful mobile production of Tartuffe – looking not in the least travel-worn – plays at the cavernous Hackney Empire until Saturday.

Andrew Hill

Vivien

THEATRE MUSEUM, COVENT GARDEN

The ambivalence of the 20th century about extreme success is matched only by its ambivalence about extreme beauty. Vivien Leigh had both and lost them, along with her great love, Laurence Olivier. "You reach a point," he was later to write, "when it's like a life-raft that can only hold so many. You cast away the hand grasping. You let it go."

The truth – as this solo piece makes clear – was that the grasping hand had become crabbed by professional jealousy, illness and the depression that Vivien called "my demon". The generation of critics that hailed Scarlett O'Hara had yielded to one that damned her Lady Macbeth with faint praise: "Quite compelling in its small way," sniffed the young Kenneth Tynan, while fulsome in his admiration of her lord and master.

All the same, Vivien Leigh left posterity a nice little nest-egg, most famously Scarlett in *Gone with the Wind*, but most poignantly Blanche Dubois of Tennessee Williams' gut-wrencher, *A Streetcar Named Desire*. Both fictions owe part of their enduring appeal to the fact that they could be seen as refractions of reality. "Playing her tipped me into madness," said Vivien herself of Blanche, the disintegrating dipso who layed the ghost of the exquisite, minxish Scarlett.

Andrew Powrie's portrait is compassionate but undemanding, employing a wealth of anecdotal evidence to make the point that here was a woman who was guzzled by her own publicity machine. Liz Payne speaks and moves well, capturing the coy half smile of so many studio stills and the clipped diction of RADA, circa 1930.

It is a show that sits happily in a theatre museum – somewhat long, but neatly staged with an authentic ring that extends to the white lace confection of Scarlett's dress. It gives no offence, but neither does it present any tangible challenge.

Claire Armitstead

ARTS GUIDE

November 2-8

OPERA AND BALLET

London

Royal Opera, Covent Garden. Revival of the 1985 production of *Il barbiere di Siviglia*, conducted by Gabriele Ferro, with the first of two interesting casts: Agnes Baltsa, Raul Gimenez, Jeffrey Black, Gabriel Bacquier and Ruggero Raimondi. Last performance of the first-rate new production of Verdi's *Attila*, conducted by Edward Downes, with Barseg Tumanyan, Josephine Barstow, Giuliano Ciannella and Giorgio Zancanaro: strongly recommended.

English National Opera, Coliseum. A new and unusual double bill, Delius's *Fennimore and Gerda*, Puccini's *Gianni Schicchi*, has its first showing, conducted by Charles Mackerras, produced by Julia Hollander, with casts including Sally Burgess, Peter Coleman-Wright, Benjamin Luxon and David Maxwell-Anderson. Further performances of the award-winning 1986 production by David Pountney of Busoni's *Dr Faust*, conducted by Antony Beaumont, with Alan Opie, Graham Clark and Helen Field in leading roles; final one this season of *The Magic Flute* in Nicholas Hytner's fresh and uncluttered production.

Paris

Chatelet. Broadway musical *42nd Street* to Harry Warren's music has its production supervised by Mark Bramble (40282840).

Amsterdam

The National Ballet on tour with *Under my Feet* (Van Dantzig/Schat), Pyrrhic Dances II (Van Schayk) and a new ballet by Jan Linkens. Fri and Sat in Rotterdam, Schouwburg (411 8110), Tue and Thur in The Hague, AT&T Danstheater (360 4930).

The Hague

Nederlands Dans Theater with *La Cathedrale engloutie* (Kylian/Debussy) and the world premieres of new ballets by Philip Taylor and Jean-Christophe Maillot. AT&T Danstheater (Fri, Sat) (360 4930).

Genoa

Teatro Margherita. Bellini's *La Sonnambula* in the production by Mattia Testi for the Fenice in Venice, with Luciana Serra, Pietro Ballo and Carlo Striuli, conducted by Eugene Konn (589.239).

Milan

Teatro Alla Scala. Rudolf Nureyev's production of *The Nutcracker*, for which he has redone the choreography, with Anita Magyari and Oliver Matz alternating with Isabel Seabra and Zoltan Solymosi in the leading roles, conducted by Armando Gatto (80.91.26).

Berlin

Opera: A Siegfried Jerusalem Lieder recital, with pianist Elena Bashkirowa in Schumann and Strauss (Fri). Three ballets *Symphonie in C/Swansong/Bolero* choreographed by Christopher Bruse. *Lohengrin* in Götz Friedrich's production has Peter Seiffert in the title role, Eva Johansson, Jan-Hendrik Rootering, Hartmut Weler and Ruthild Engert. *Zar und Zimmermann* is a repertoire performance. Also Peter Schaufuss' ballet *Eine Volkssage* and *Der Barbier von Sevilla*.

Hamburg

Opera. *Die Zauberflöte* is sung by Amanda Halgrimson, Dawn Upshaw, Kurt Moll and Robert Gambill. *Tannhäuser* has a first-rate cast led by Linda Plech, Livia Budai, Kurt Moll, Guenter Neumann and Andreas Schmidt.

Frankfurt

Opera. *La Bohème* in Volker Schloendorff's impressive production has Eliane Coelho as Mimi, Hildegard Heichele as Musetta, Alejandro Ramirez as Rodolfo and Alberto Rinaldi as Marcello.

Bonn

Opera. Youri Vamos' ballet *Schwanensee* will have its premiere this week. Hans Sotin, accompanied by Helmut Deutsch, perform Schubert's *Die Winterreise*.

Stuttgart

Opera. *Tosca* stars Giuseppe Taddei, Maria Guleghina and Michael Sylvester. *Tannhäuser* is sung by Nancy Johnson, Deborah Polaski, Toni Kraemer and Mark Munkittrick.

Munich

Opera. *Adriana Lecouvreur* conducted by Claudio Abbado. *Die Zauberflöte* is of respectable standard with Hellen Kwon as Queen of the Night. *Onegin* was choreographed by John Cranko.

New York

Metropolitan Opera. James Levine conducts Arvin Brown's production of *Porgy and Bess* with Priscilla Baskerville, Marvis Martin and Terry Cook. James Levine also conducts Piero Faggioni's production of *Un Ballo in Maschera* with Aprile Millo, Lucien Pavarotti and Juan Pons. *Boris Godunov*, conducted by Yevgeny Svetlanov, features Stefania Toczyska, Gary Lakes and John Shirley-Quirk in August Everding's production. (362 6000). New York City Opera. John Lehmeyer's production of *Martha*, conducted by Arthur Fagen. Also Scott Ellis's production of Sondheim's *A Little Night Music*. New York State Theater, Lincoln Center (870 5570).

Washington

Washington Opera. The company's 35th season opens with Maria Ewing in the title role of *Salome*, in Sir Peter Hall's production conducted by Gerald Schwarz. Opera House, Kennedy Center (416 7800).

Chicago

Lyric Opera. Frank Galati directs Argento's *The Voyage of Edgar Allan Poe*, with libretto by Charles Nolte. Christopher Keene conducts Donald Kaasch as Poe, Winifred Faix Brown as his wife and Richard Stilwell as Poe's nemesis Griswold. Civic Opera House (332 2244).

FINANCIAL TIMES

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Friday November 2 1990

Emu and Mrs Thatcher

NONE OF the leaders of the four leading member states of the European Community has enhanced his (or her) reputation for statesmanship over the past week. Mr Helmut Kohl and Mr François Mitterrand, by their short-sighted behaviour over farm reform, Mr Giulio Andreotti, by his ill-considered agenda for the summit in Rome last weekend, and Mrs Margaret Thatcher, by her intemperate and ill-considered remarks in Rome and again in the House of Commons on Tuesday, have done much to bring both themselves and, worse, the European Community into disrepute.

The EC's immediate priority is to agree a negotiating mandate on farm reform for the Uruguay Round of multilateral trade negotiations. The leaders who have blocked the requested mandate – itself inadequate both to the occasion and the need – should note that many of its partners doubt whether the EC was ever prepared to negotiate in good faith. If failure there is to be, the EC will bear much of the blame for the consequences – and deservedly so.

When deciding to ignore this urgent issue, the leaders needed to have something to say on economic and monetary union that could be justified by its clarity, and its timeliness. They failed on both counts.

The pronouncement itself could readily have been postponed until December. Worse, as Mr Karl Otto Pöhl, the president of the Bundesbank, has pointed out, the next stage on the path to Emu is "nearly incomprehensible". So 11 of the 12 have agreed to a conditional date for moving into an ill-defined transition. What is the point of this?

Unfortunately, Mrs Thatcher's behaviour over the EC can make even the blunders of her counterparts look statesmanlike. She persistently fails to understand that she has to persuade. She can neither impose her will nor, in the end, stop what the other members wish to obtain.

Alas, prime minister

"It is our purpose to retain the powers and influence of this House, rather than denude it of many of its powers," she said, in response to Mr Neil Kinnock, after her diplomatic presentation on the meeting of the European Council. "We are more stable and influential with sterling, and it is an expression of our sovereignty. This government believes in the pound sterling," she also remarked.

Alas, poor House; alas, poor pound sterling; alas, poor Mrs Thatcher! The first is, all too often, a rubber stamp; the second a currency that has lost its lustre; and the third a woman who confuses elective dictatorship with democracy.

Treatment of money

Money exists to facilitate the welfare of citizens, not the powers of government. No sense can be made in the debate on Emu, both within the UK and in the EC as a whole, if this point is not remembered. The question must then be whether the long term interests of the citizenry are best served by treating money as within the arena of politics or as part of its constitutional framework.

Nobody would question that the administration of justice must be beyond the purview of party politics. Is this not true of money as well? When one contrasts the experience of the UK under politically managed money with that of Germany under a money managed by its central bank or of the UK under the gold standard, the answer seems clear. The ability of a government in possession of a temporary majority in the House of Commons to manipulate the currency in order to secure a renewal of power from a bribed electorate is not an expression of effective democracy. It is its abnegation.

The case for an independent monetary authority is strong. But a European money is likely to prove the sole route to monetary stability that is also politically credible. Consequently, acceptance of the long term objective of monetary union is not contrary to the interests of the people of the UK, however contrary it may seem to those of people who expect to rule over them.

Much is still to be fought over in the debate on Emu: how much power to transfer to EC institutions, how to effect the best possible transition and how to preserve the most valuable monetary asset that the EC now possesses, the credibility of the Bundesbank. None of this may have been helped by the capers in Rome; none of it has been helped by Mrs Thatcher's obscurantism either.

The survival of Yugoslavia

YUGOSLAVIA is Europe's forgotten problem. Since President Tito's death 11 years ago, western governments have turned a blind eye to the destructive force of nationalism which is pulling away the foundations of the state.

It was easy for the west to ignore Yugoslavia's ethnic problems under Tito. His authoritarian rule guaranteed that nationalist disputes were suppressed. His break with Stalin in 1948 ensured generous western economic assistance. To his credit, Tito created a *Yugoslav* identity.

Yugoslavia is a microcosm of the Soviet Union: it has 10 nationalities and as many languages, three religions and two alphabets. Contrary to Marxist ideology that nationalism would disappear under communism, in both countries nationalism fills the vacuum left by the collapse of that system.

Yugoslavia's six republics have unashamedly used the nationalist card to try to oust the communists. They have also used it as the bridge between the one-party state and the multi-party system. However, Yugoslavs are standing still on the bridge, reluctant to take the final steps to a democratic Europe. West European governments should endeavour to pull them across, or else risk upheaval in the Balkans where, in 1914, Emperor Franz Ferdinand was assassinated.

But before they do so, Yugoslavs must decide in what kind of political house they want to live. It is clear that the old federal structures, which were based on a complex rotation system of the republics in the federal leadership, have been redundant since Tito's death.

Confederal system

One plan, drawn up by Croatia and Slovenia, the two most prosperous republics, envisages a confederal system whereby economic, security and political powers would be devolved to the republics. It could work, provided *all* the republics created institutions which would respect the rights of *all* the ethnic minorities.

The alternative to the confederal system is a revamped version of the federal model proposed by Serbia, the largest republic. Herein lies the problem. For good historical reasons the Croats and Slovenes fear the dominance of Serbia, as did Tito, who emasculated its dominance and thus preserved the unity of the state. The Serbs now want history redressed.

Ignominious past

Mr Slobodan Milosevic, Serbia's populist, communist president, has obliged. By forcibly reintegrating into the republic the two provinces of Kosovo and Vojvodina, he has raised the spectre of the past. It is an ignominious one, plagued by ethnic hatred, violence and centuries of imperial misrule. These sentiments have resurfaced. They now prevent the republics from setting an agenda for the future. That is why western Europe should insist that, if Yugoslavia is serious about becoming associated with the European Community, it must respect human rights and end the violence.

The problem is that there is neither a political party nor a personality in Yugoslavia able to set the political agenda or transcend ethnic divisions. In this respect, the Soviet Union has a slight advantage over Yugoslavia. Mr Gorbachev commands considerable political authority from the centre. In Yugoslavia, the prime minister, Mr Ante Markovic, has neither the authority nor the power to propose a blueprint. His economic reforms, a praiseworthy model, have inevitably led to falling living standards and a fanning of the nationalist fires.

Western economic assistance *per se* is no solution. Nor should western governments be tempted into believing that one republic is less nationalist, or more democratic than another, or capable of existing in its own right. But that is not the issue. The issue is whether Yugoslavs have the political will to make their state survive as a viable entity, which could one day become a member of a wider European grouping.

US farmers are divided in their response to a Gatt initiative which threatens the subsidies on which they rely, Nancy Dunne reports

Grassroots anxiety in agriculture

The farmer was asked what he would do if he inherited $1m. "Well," he said, "I'd continue farming until I lost it all."

The joke is told with relish by Mrs Norma Walden, a Lubbock, Texas, farm wife, who lives in a fine, sprawling home paid for during US agriculture's good times. Her husband, Bill, grosses $1m a year on hogs and sugar beets, but often he must dip into his equity to maintain his high-cost operations. He has added up his working hours and concluded that he now pays himself less than $1 an hour.

The Waldens, like many farmers across the country, view with deep concern the US proposal in the Uruguay Round of international trade talks to reduce farm support and trade barriers. This anxiety has filtered up from the grassroots to the US Congress, as the 100 members of the General Agreement on Tariffs and Trade head into the final six weeks of fractious negotiations in the most far-reaching attempt to update world trading rules.

The Bush administration, like its predecessor, has brought to the Gatt bargaining table a proposal which was initially backed domestically by an uneasy coalition of agricultural interests. But the farm trade reform plan has come up against growing protectionist forces in Congress and a strengthening conviction in rural America that the US food supply ought not to be subject to the theories of free-trade academicians. Agriculture trade reform – which seemed achievable four years ago by a popular president at the height of his prestige – now appears increasingly unachievable by a president whose ability to provide economic leadership has been thrown into question by the US budget negotiations.

For the Waldens of Texas, the US push for free trade offers the tantalising promise of a lucrative European market for their hogs. But they also would lose the protective shield of the US sugar quotas. In the end, they come down opposed.

"We cannot compete against the low-wage countries," Mr Walden says. "I'd be ok because of the hogs. But I worry about the neighbours who couldn't survive."

More than 35,000 Texas producers have gone bust since 1985 while the US has pursued a cheap food policy, designed to boost exports. The survivors in this fertile state of giant-size farms and ranches are painfully divided over the administration's proposal to the Gatt as are farmers across the country.

Mr Randy Justice, a large rice producer in Bay City, Texas, favours the administration's view. But 25 per cent of the US rice export market was instantly swept away in August when the president declared an embargo on shipments to Iraq.

"Food is used to shape foreign policy," Mr Justice acknowledges. "Whenever the government can tell us who we can sell our products to and who we can't and for how much, then I suppose there is an argument for the farm safety net."

Mr Jim Hightower, the Texas agriculture commissioner, represents the opposing side. The feisty populist warns in his Texas drawl that Gatt stands for "Gattcha again".

"Administration spokesmen portray Gatt as a paean to free trade," he says. "What they don't say is that the Gatt will cost Americans drastically, 'freeing' our agriculture production to move from the US to the Third World and 'freeing' our borders for massive imports of foreign produced food."

In the division among American farmers, there are clear points of convergence. They agree almost universally that the price floors, set by the government, are too low to cover production costs – except during those increasingly rare years when shortages push prices up. They detest the government programmes which provide them millions of dollars a year in production subsidies, but these subsidies – called deficiency payments – are sometimes the difference between liquidity and the auction block.

Source: US Secretariat estimates

Total transfers associated with agricultural policies ($bn)

	Transfers from taxpayers (1)				Transfers from consumers (2)				Budget revenue (3)				Total transfers (1) + (2) – (3)			
	1986	1987	1988	1989	1986	1987	1988	1989	1986	1987	1988	1989	1986	1987	1988	1989
EC – 12	31.7	38.2	45.8	44.1	71.9	78.3	63.7	54.1	0.7	0.7	0.7	0.7	102.9	115.9	108.8	97.5
US	59.4	50.3	49.1	46.3	29.6	30.4	26.0	21.6	0.9	0.7	0.8	0.7	88.1	80.0	74.3	67.2

The differences among the farmers arise over the solution. The world is on the road back to surpluses. Production will increase as eastern Europe liberalises; new technology will spur output everywhere. The Bush administration believes the free market is the fairest, most efficient mechanism for determining price and a producer's individual survival. It worries that without multilateral farm trade reform, protection will increase and lead to a new cycle of trade tensions.

Another school of thought holds that the free market is a mirage, sighted only by academics, rich middlemen and politicians, who need not toil for long hours year round "to make a crop". They see the administration as a tool of the five huge grain companies, which thrive on volume no matter what the price. They favour land management programmes, which they believe are environmentally sound, and an international food reserve to provide stability. They say higher price floors – even an international price, linked to production costs – would negate the need for deficiency payments.

In the Congress, 37 senators, from both parties and varied constituencies, have now signed on to a Gatt-crippling resolution which could amend whatever package of trade reforms emerges from the conclusion of the Round in December, if, indeed, any emerges at all. The resolution, which needs only the votes of 51 senators to take effect, means the Senate could upset delicate compromises so painfully achieved by negotiators in Geneva and Brussels, and bring the entire negotiations to naught.

Similar action has been threatened in the House of Representatives.

This opposition, before a completed pact is produced, is highly worrying to the Bush administration. The trade talks were largely launched to correct farm trade distortions after bilateral battling and cajoling – and even a matching export subsidy scheme targeted towards EC markets, the Export Enhancement Programme – failed to convince the Community to restructure the Common Agricultural Policy (CAP). But the vocal opposition of many farm interests blemishes the picture of unity among US farmers which negotiators have assumed in the Round.

Producers say cuts in subsidy levels which fall short of complete elimination 'only perpetuate the same relative inequities'

President Bush has gambled heavily on the success of the Round. In defiance of Congress, trade disputes over subsidies, market barriers and patent protection have been relegated to the multilateral bargaining table, a practice which has left Congressmen and powerful interest groups frustrated and mistrustful.

For the US, the timing of the Round has been particularly unfortunate. At the start, President Reagan's prestige was at its height. The Republicans controlled the Senate, the American economy was flourishing, and the US was undisputed leader of the western world. All feats seemed possible, even a world without government-supported agriculture.

But four years later, the US economy appears dangerously anaemic; it is in dire need of the transfusion trade expansion could provide. The improvement in the trade deficit has stagnated. Textile imports reached a record high for the first eight months of the year; steel imports have attained their highest level since last October. Demands for protection, staved off during more prosperous times, are gathering strength as they always do when unemployment rises.

The original US farm proposal to phase out all trade-distorting subsidies and quotas over 10 years drew grudging backing from the mainstream commodity groups, the grain traders and agribusiness. However, when reality intruded and the US put forward a compromise plan which would cut export subsidies by 90 per cent and internal supports by 75 per cent over 10 years, producers of sugar, cotton, peanuts and dairy products turned against the administration.

Across-the-board percentage cuts in subsidy levels which fall short of complete elimination "only perpetuate the same relative inequities", the producers declared in a letter to Mrs Carla Hills, the US trade representative. "The playing field may be at lower elevation, but it would have the same intrinsic tilt before the reductions."

The revolt among farm groups, which have long enjoyed quota protection, was by no means unexpected. But the administration seems to have been caught off guard by the strength of a coalition of interests opposing the Gatt, which includes textile, steel, environmental interests and other manufacturing groups.

The US government deadlock over the budget carries over into trade policy. To block protectionism, the president needed only to muster the support of one-third of the Congress. To get Gatt implementing legislation passed he will face the more daunting challenge of mobilising majorities in both houses.

The seeds of the rebellion were planted long before the Uruguay Round, with the passage of the US-Canadian Free Trade Agreement. In Minnesota, Mr Mark Ritchie, a young former chicken farmer working in the office of the state agriculture commissioner, began to raise the alarm after seeing the losses suffered by wheat farmers to their Canadian neighbors.

Mr Ritchie took a leave of absence from his job, travelled with his family and two credit cards to Europe where he studied the Gatt and formed alliances with EC farm groups. Returning to Minnesota, where he now heads the Institute for Agriculture and Trade Policy, he began co-ordinating the domestic resistance among farmers who were radicalised by the record number of bankruptcies in the last decade and who joined with other protectionist interests.

Increasingly, interest groups and congressmen have complained that they have not been consulted in advance about the US negotiating position. Senator Tom Daschle, who has not yet signed on to the Senate resolution, took to the Senate floor last week and grumbled: "Despite requests based on US law, the US trade representative will not hold field hearings that would allow ordinary farmers to state their objections to the US proposal for Gatt."

Senator Daschle's worry is this: the US proposal would permit income supports separate from production, but there is no guarantee that the administration will support such payments for US producers.

New farm legislation passed last weekend tends to support this concern. The new five-year $54bn programme cuts $13.6bn for producer supports and freezes income support prices at the low levels set in the 1985 law with no adjustment provided for inflation. Production subsidies will be reduced by 15 per cent from next year. Thousands more farmers, whose subsidy checks have kept them in business, are likely to be dispossessed.

The budget squeeze has forced the US to "unilaterally disarm," something Mr Clayton Yeutter, the US agriculture secretary, has vowed would never happen unless the Round produces farm reform. He has pledged to return to Congress with new plans to keep US farmers "export competitive" if the Gatt fails. But the cost must fall somewhere – if not on the treasury, then on the consumers or the farmers.

Meanwhile, there are reports that, with the pressure on, fault lines are appearing in the administration's solid front. Mr Yeutter, it is said, publicly disputed the government's mantra: "No agreement is better than a bad agreement." He is reported to have said: "No agreement is a weak option."

Sounding increasingly troubled, the agriculture secretary, last week in Brazil called the entire world to "line up in opposition to the European Community" and warned that failure in the Round would mean "hand-to-hand combat in trade".

Yet, there is a different tune sung in many parts of the US heartland. There, a common refrain these days among farmers remains: "The EC is the best ally we've got."

OBSERVER

Sand storm in France

When King Hassan II of Morocco cancelled a planned cultural festival in France earlier this month in anger at the publication of a book attacking his human rights record it seemed like a fit of pique, as I reported at the time.

But the row has developed into a full-fledged political storm, forcing Roland Dumas, the French foreign minister, to fly to Morocco next week in a bid to placate King Hassan.

The Moroccan government has complained bitterly in the last few days about what it claims to be a "campaign of denigration" in the French media, led especially by Antenne 2 and Radio France International, the state broadcasting organisations.

The roots of the Moroccan irritation, however, are to be found in the publication of "Notre ami le Roi," by Gilles Perrault, a vigorous onslaught on King Hassan's government which has already sold 80,000 copies. The royal fury appears unlikely to damage its chances of remaining on the bestseller lists.

King Hassan's conviction that there is a concerted French campaign against him has been reinforced by news that Danièle Mitterrand, the wife of the French president, planned to visit a Sahrawi refugee camp in Algeria.

The row has provided a golden opportunity for the French press to bring up its favourite anecdotes about King Hassan, who, despite bringing an entire car ferry from Morocco with his furniture, limousines and personal ambulance to this year's Franco-African summit in La Baule, still kept his fellow heads of state waiting at every session.

The king, who has been on the throne for 29 years, can recall an era when the French government would not have tolerated such impertinence to a friendly ruler, still less permitted the state radio or television stations to embroider on it.

But times have changed. Pierre Joxe, the interior minister, commented yesterday, "We are not going to set up censorship just because there is a book that displeases a foreign government."

Rare virtues

Detlev Rohwedder, the boss of Germany's state Treuhand agency, which is charged with supervising 8,000 moribund east German companies, is a hard-bitten businessman – he is returning to his job as chairman of the Hoesch steel group at the end of the year.

But he is outspokenly critical of unscrupulous west Germans who, in his view, might be trying to make a fast buck east of the Elbe.

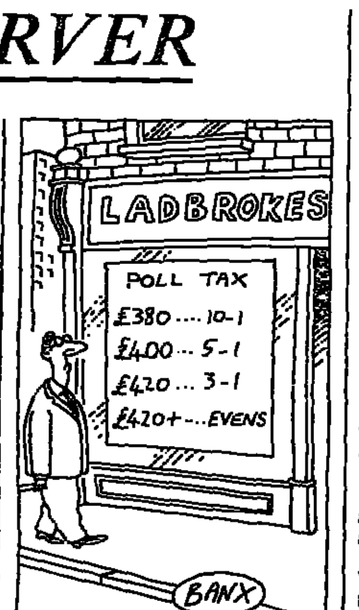
The people in east Germany, Rohwedder has told a conference in Bonn, have different lifestyles and different expectations compared with west Germans. "They are vulnerable. They need sensitivity, tact, and consideration".

He adds dryly, "These are not virtues for which we Germans have much of a reputation in the world."

Numbers game

The 10-ft long "engine" built by the Devon-born mathematician Charles Babbage nearly 150 years ago is generally recognised as the world's first digital computer.

Not that his three-ton cast iron contraption in the Science Museum, South Kensington, bears much resemblance to a modern lap-top model. Indeed, poor Babbage failed to complete any of his mechanical devices which were intended to combine complex mathematics with "decisions" based on their own computations.



The museum has just begun working on a mechanical jigsaw puzzle to reconstruct the 4,000 parts in steel, bronze, and iron, in order to have Babbage's Difference Engine No 2 working in time for the bicentenary of his birth next year.

"By building a Babbage engine to original designs we have set out to prove that these machines could have worked in Babbage's day", says Doron Swade, the museum's curator of computing.

Building the engine and mounting an exhibition will cost £500,000. The museum is hoping that today's computer giants will divert a small portion of their profits in the direction of South Kensington.

Pen power

As if flying jet planes, riding powerful motorbikes, and reforming one of the world's largest economies, was not enough, Brazil's President Fernando Collor has taken up journalism.

"Sometimes he likes to clarify his views in print" explains Pedro Luis Rodriguez, one of his spokesmen.

The president's most recent foray into print came yesterday when all the country's leading newspapers carried a long article bearing his signature.

Entitled "Where is the intolerance?" it was meant to explain why he had passed a decree last week introducing the power to ban certain television programmes.

The decree has been widely condemned as censorship particularly coming from a President publicly committed to reducing the role of the government in people's affairs.

Brazilians are probably the world's greatest TV addicts, and the current most popular serial has some explicit scenes.

In his article Collor argued, "The measures we have taken to limit the outrageous programmes endemic on Brazilian television can no more be compared to censorship than can a legal sentence backed up by the judicial process be compared to the abusive suppression of human rights."

He explained, "what we are trying to achieve in Brazil is a revolution, at least of habits".

Perhaps the most famous victim of this new revolution to date is the country's former Justice Minister, a married man, who had to resign last month after an indiscreet cheek-to-cheek dance with the Economy Minister.

Striker

An election tip. Brian Lenihan, sacked from the Charles Haughey government, but still a candidate in next week's Irish presidential elections, is an old footballer who can be expected to play harder as the game gets tougher.

Peter O'Donovan, a member of the FT staff, remembers Lenihan playing for Dublin's Shelbourne team in the 1940s. Says O'Donovan, "He hadn't got class . . . but he would run straight through".

هكذا من الاصل

POLITICS TODAY

Full tilt at the mythical enemies

By Joe Rogaly

There is no diva like an old diva. Mrs Margaret Thatcher's latest *performance* in her now familiar and much-loved role as the Doña Quixote of cloud-cuckoo-land was a triumph. You had to be in the House of Commons on Tuesday afternoon to get the full flavour. There were no surprises, *just the usual* tearing up of her text after reading it and the reassuring sound of *the well-known ad libs* to follow. The text, 99 per cent written by her own staff, said that we are enthusiastic *members* of the European Community; the ad libs *sounded* as if they warned the European villains to back off, although they read better next day.

She knew she was courting danger. "Was that all right, John?" she asked the chancellor of the exchequer as she sat down after one question. "Was that all right Douglas?", she whispered to the foreign secretary *after another. In this half-*hesitant, half-heroic manner hordes of imaginary enemies were slain with the lethal lance of terrible phrases. Down went those who would impose federalism upon us by the back door. "Aargh" said those who would dilute our sovereignty. Those who had failed to recall, as one Ulster Unionist reminded her, that Britain was in a minority of one in the Europe of 1940 simply hung their heads in shame. There'll be blue birds over/ the white cliffs of Dover/ tomorrow, just you wait and see.

None of the slain monsters exists. The EC cannot be a federation while it has no *independent ability to tax, while its* decisions must be executed for it by national governments and, above all, while its very structure is that of a strong association of independent nations bound by treaties voluntarily signed. Britain's membership could be ended *in an* hour by a single parliamentary vote. There is a pooling of certain carefully circumscribed powers, in agriculture and in *foreign* trade and one day perhaps over the management of the currency. You take majority votes on *certain subjects* because it is in your interest to do so, even when you have voted against. This is a voluntary structure that works so long as it suits everyone. When it does not, as in the EC failure to agree its stance in the Gatt *negotiations on farming subsi*dies, it falls down. National interests prevail.

Our Doña declines to perceive this. The European Commission, says she, is striving to "extinguish democracy". The question facing the Conservative party in 1991 is, does any such piffle matter? There is one circumstance in which it might. It is not difficult to sketch it out. The 11 members of the EC accept a compromise on the next stages of economic, monetary and political union. The British government is inclined to acquiesce, but the British prime minister is not. The material is there for a domestic political explosion. This would not add much to *history, beyond a footnote* about Britain's reluctance to take part in yet another *arrangement that it eventually* embraced. It could, however, *disturb the Tories* during the run-up to the next election.

A week ago this seemed *unlikely to happen. It still* does, but Downing Street has been slightly unnerved by the successful ambush perpetrated by the Italians last weekend. There was no great dust-up during the actual meeting of the 12 heads of government. A *statement flashed from Rome* to No 10 on Friday and rejected was produced on Sunday morning and issued as a communiqué. The histrionics came afterwards.

The Italians may set another trap to catch our diva when the intergovernmental conferences, one on political union, the other on economic and monetary union, open in Rome in six weeks. Once we are over the Christmas holidays there should be a period of calm. Luxembourg takes the EC chair for the first half of 1991. *The Netherlands follows. This* means that during all of next year the two conferences will be managed by small-country politicians who seek compro*mise. They will set the agen*das. They will prepare the draft communiqués. As the for*eign secretary, Mr Douglas* Hurd, puts it, he will disappear *down* one rabbit hole, to negotiate the clauses on political union. The chancellor, Mr *John Major, will vanish down* the, other, to negotiate economic and monetary union. The *fact* that Mrs Thatcher's theatricals have been seen through by everyone makes their job harder.

Yet Mr Hurd's fingering of *the veto card in his pocket* should keep the political union conference, which starts with lukewarm proposals, under control. Mr Major, who has thought through the possibilities for a year ahead, has the tougher task. He has to play the veto, which is an ace but not an ace of trumps, against strong French and German desires to see progress. Mrs *Thatcher cannot quite grasp* the genuine feelings behind Chancellor Helmut Kohl's desire to move forward as a "good European". In the for*eign office view this will pre*vail over doubts expressed by Herr Karl Otto Pöhl as to the wisdom of doing anything that dilutes the purity of the Bundesbank – such as creating a Eurofed that brings in suspect countries such as Italy, Greece, *Portugal, Britain and the rest* of the non-German 11.

Mr Major's career would be enhanced if he demonstrated that he had negotiated in good *faith but could not persuade* the French and the Germans to accept a more realistic timetable than now exists for currency convergence and the evolution of a European central bank. If that happened the EC might well be one of the issues *in the next election, although* Labour would not allow it to be against them. Who would the opponent be? By accident rather than design the Tories could find themselves running for British office against Mr Jacques Delors, a huge joke considering that he is not a British political party. Yet it could come to that. For what none of the triumvirate – *prime minister, foreign secre*tary, chancellor – has a good feel for any more is how much *patience the continental Euro*peans will allow themselves in the interests of British participation. From the government's point of view the outlook is more uncertain than ever.

* * * * *

The prime minister's attitude to President Saddam Hussein is a different story. He is no *windmill; the threat to the Gulf* is real. Mrs Thatcher is at her clearest in pointing this out, as she did again on Tuesday. There is a feeling in Downing Street that war could come at any time, since the weather is now nearly right for it, open*ing a window that will close* again in February. President Saddam could avoid war by withdrawing from all of Kuwait unconditionally; alter*natively he could throw the* alliance against him into confusion by withdrawing from all save his coveted Rumaila oilfields and a couple of strategic Kuwaiti islands. *What* could be done then is a matter of some debate. Encouraging Kuwaitis to return to the vacated portion of their country might place them as targets for a renewed attack.

Meanwhile, the temperature is being stoked up by British and American expressions of *determination. The question is* whether this is intended merely to bluff President Saddam out of the territory he has occupied, or whether it is genu*ine. It is a little of each.* President George Bush and Mrs Thatcher want to tilt the balance in favour of Russians they see as supportive of poten*tial military action like* Mr Edward Shevardnadze rather than frenetic deal-makers like *Mr Yevgeni Primakov.*

The last time the prime minister talked war she was not bluffing. This time she rejects estimates of the number of US *and British casualties*- war might bring, on the ground that it is impossible to foretell such things. She was informed that there would be 3,000 British casualties when her Armada set off for the Falklands; in the event the final figure was below a tenth of that. It is understood that in the Gulf the error could be in the other, terrible, direction. Yet there is no outward sign of *wavering, rather a disinclina*tion to estimate casualties in advance. When she spoke in the Commons on Tuesday Mrs Thatcher had not been on the telephone to President Bush for about 10 days but she is certain of his determination to achieve the very letter of the UN resolutions, by force if need be. Nobody doubts hers.

Why Higher has an edge on Advanced

James Buxton reports that Scottish education appears to have balanced the depth-breadth trade-off which troubles the English debate

The headmasters of Britain's top public schools heard at least one cheering speech during their recent conference in Aberdeen, which was full of *expressions of gloom about* the state of the English education system. It came from Mr Malcolm Rifkind, the Scottish secretary, and was described as "music to our ears" by the conference chairman.

Mr Rifkind pointed out that 55 per cent of youngsters in Scotland stay on at school after the *age of 16, compared* with only 3-5 per cent south of the border, and the proportion should soon reach 65 per cent. He indirectly attributed this to *the fact that very few Scottish* schools offer A-levels.

At Drummond Community High School, a comprehensive in a lower middle-class and *working-class area in* Edinburgh, 75 per cent of children stay on at 16 for a fifth year and 25 per cent for a sixth. *They* are offered a *flexible* menu the highlight of which is the Scottish Higher grade *exam.*

Highers meet the criticism levelled in England at A-levels *that these exams are too narrow*

Highers are taken by children who have usually passed eight Standard grades (the Scottish equivalent of GCSE) *at the end of their fourth year.* Unlike A-levels, of which people in England do only three, often in related subjects, it is normal in Scotland to take four, five or even six Highers.

In most schools pupils choose from a combination *likely to include English, math*ematics, a science, a language and another arts subject such as history or geography. This breadth, spanning arts and science, is offset by the fact that the depth of knowledge required is less than for A-level, and this is reflected in the fact that Scottish university courses run for four years rather than the three of an English university.

But Highers meet the criticism levelled in England at A-levels that they are too narrow and – for many students – *too difficult, to the extent of* discouraging people from staying on at school after 16.

The children at Drummond who obtained upper grades in *Standard grade take five* Highers in a course that lasts little more than two terms, since the exams in Scotland begin in late April. "It's a *squash to* get the necessary 120 hours of teaching in, but it can be done," says Mr Kenneth Thompson, the headteacher.

Those armed with middle *grades do a form of bridging* course which may involve completing Highers in the sixth year. Those with lower grades do not try Highers but do short *National Certificate* courses under the Scottish vocational education system, widely held to be more effective than its English equivalent.

Though children with three to four good Highers passes should qualify for a Scottish university, those going on almost always stay at school for a sixth year and take another exam – the certificate of sixth-year studies (SYS) – in two to three subjects.

The SYS is a one-year course (unlike the two-year A-level) and also differs from it by requiring a written disserta*tion in each subject, making it* more like university work than A-levels. Each year about 15 students from Drummond, out of an annual intake of about 100, go to university or to a college of education.

At George Watson's College, the vast (2,100 boys and girls) private day school in Edinburgh which counts among its alumni both Mr Rifkind and Dr Eric Anderson, headmaster of Eton, A-levels are unknown and almost all pupils do Highers. "Some do all five or six Highers in their fifth year, and some of them do a number in their fifth year and more in their sixth," says Mr Frank Gerstenberg, the principal.

"The beauty of the Scottish system is that it's so flexible. The brightest pupils do all six at once. Others concentrate on the ones they're best at in the fifth year and turn to the weaker subjects in the sixth year. With Highers you avoid that traumatic business of a *boy failing A-levels at the end* of his sixth year when he is too old to stay on at school and has to go to a crammer.

"It's a myth that you have to *do A-levels to get to Oxbridge,"* says Mr Gerstenberg, who sends 30 per cent of his university candidates to English institutions, including Oxbridge, *each year.* "You can get a very high level in A-levels by cramming but that is not possible with SYS," he says. Some of the pressure may be *taken off* youngsters by the fact that many of them are offered university places during their SYS year on the strength of their Highers.

Dr Anderson of Eton says Highers should be the model in

According to the principal of George Watson's College, the Scottish system has great flexibility

England for an intermediate exam between A-levels, which he would keep for the brightest, and a technological exam.

Significantly, Mr Rifkind *admitted to the Headmasters* Conference that Highers might not do enough to prepare pupils who have to compete at university with English students trained in the more rigorous A-levels and may not "provide parity with the products of the best European systems". A committee under Prof John Howie of St Andrews university is looking at options including a two-year Higher *course.* However, that could discourage some students from staying on at school.

Prof Howie believes that if the Scottish and English systems move closer by the end of the decade, it is more likely to be because of "the Scotticisation of English education than the Anglicisation of the Scottish system".

LETTERS

The key to wider share ownership

From Lord Vinson.

Sir, You have printed a number of letters on the CBI Task Force Report on Wider Ownership. The core of my argument in the supplementary memorandum to that report was that, as the growth of institutional ownership is a direct consequence of the pattern of UK pension provision, then the key to wider ownership lies in companies' own hands, as they control the pension structure.

Gradually reattributing the wealth in existing pension funds to the direct account of the ultimate beneficiaries would bring great motivational *benefits and would* help the savings ratio. People are more likely to save additionally when they have their own identifiable savings pot.

As the law stands there is nothing to prevent companies from encouraging employees to have a personal pension by salary enhancement, rather than joining the company pension scheme. Laudably some companies, *notably* Legal and General, already offer this.

As George Copeman (Letters, October 27) says, my proposals may well expose the funding inequity of *many company* schemes. So much the better. Currently long stayers and high flyers are carried to a substantial degree on the backs of the contributions of early leavers and slow plodders.

However, existing pension arrangements and the golden shackles that go with them, *look increasingly anachronistic* in an age of ever-growing labour mobility and flexible work patterns designed to suit especially the needs of female employees.

My suggested route to a *potentially* massive extension in ownership is voluntary. There is no compulsion on any*body to leave or join a corpo*rate pension scheme. But unless an attempt is made gradually to change the present pattern of pension provi*sion by turning* what is nobody's money into somebody's money, *then* there is no hope of reversing the evergrowing trend towards institu*tional ownership.*

Companies will only have themselves to blame if they are concerned about institutional dominance of their sharehold*ings and do nothing about it.*

Vinson of Roddam Dene,
House of Lords,
Westminster SW1

From Mr D.S. Ridout.

Sir, As a stockbroker with more than 40 years experience, specialising in investment on behalf of private clients, *I* have often talked on the workings of the Stock Exchange and con*tinue to do so. The most* persistent criticism has been that the exchange resembles a casino and the buying of stocks and shares is rather like backing a racehorse. Until now *I* have had no great difficulty in refuting this. But how do I do so after the events of *the last few* weeks? I refer particularly to the "professional bear raiders" – surely one of the *most* odious creatures to inhabit this planet.

I think the sheer *scale* of these activities recently is much more serious than isolated instances in the *past. It* is undermining confidence in the market. This is particularly true in the private *client* area where the traumas of recent weeks are not only militating against wider share ownership but are likely to drive away some existing investors.

The longer-term ramifications could be more serious *because, if the Stock Exchange* and, as a result, the City generally continue to suffer *from* the excesses of the few, this could impact on the City's status at a *time when it is already under* increased competition from Europe.

Action should be taken now before matters get even more out of control. My recommen*dations* would be:

- Adoption of the rules applying in some of the continental markets whereby any share that moves up or down by more than 10 per cent *in a day* should be automatically suspended for a short time. This would *allow a cooling* down period during which the sellers, market makers and brokers would have an opportunity of reconsidering the situation. Such brief suspensions could be given maximum publicity so that private clients would be aware of the situation before reading about it in their newspapers next day.
- The Stock Exchange rules should be amended to disallow uncovered bear transactions. This would *seem to have no* investment implications. Market makers should probably be exempt from this rule. It is part of their day-to-day business but such exemption should not extend to the broking arms of the conglomerates which own both brokers and market makers.
- The Stock Exchange and the *Securities Association* should expedite and invigorate the existing mechanism for *inquiring* into transactions. Any broker dealing in what is clearly a bear raid should be *interviewed* in the most searching way and the same vigorous interrogation should apply to *the market makers.*

D.S. Ridout,
16 Wallenger Avenue,
Gidea Park,
Romford, Essex

One-stop shop principle hides a flaw

From Mrs Celia Hampton.

Sir, Sir Leon Brittan ("Misplaced doubts on EC mergers," October 11) explains very clearly how the new regulation offers a one-stop shop for large-scale mergers – in principle. However, the principle surely hides a practical flaw: how can the national competition authorities decide whether to ask the European Commission to transfer an investigation to *them* unless they know something about the merger.

Without information they cannot assess whether the merger poses a threat to local competition (Article 9) or raises a public policy issue (Article 21). Indeed, unless this issue is one of those named in Article 21 (prudential rules, plurality of the media or "public security"), they have to persuade the Commission *itself* that the grounds on which they want the transfer are justifiable in European Community terms. Their ability to argue their case depends on knowing some of the details.

It is no doubt churlish to cavil when the competition commissioner himself relies on a spirit of co-operation with national competition bodies to ensure a one-stop process. But sooner or *later* cases will *arise* where collaboration is difficult because of shortage of time, *pressure of work on the Com*mission's merger unit, or even strong disagreement. Some*times the national* and European investigators will need to know different things. They will always have to work against the clock. Whatever the law, national authorities will have to start inquiries straight away, even if they have to make them informally.

It seems that the regulation cannot unambiguously offer a single investigation process, although only one authority can make the decision at the end of the process. Who that will be may not always be obvious for the companies involved, at least in the first weeks of an investigation when much of the work has to be done. As long as there is room for argument about a transfer, a company would surely be unwise to tell its local competition authorities that a planned merger is none of their business.

Celia Hampton,
Flat 2, 40 Anson Road, N7

Time to review national transport policy

From Mr John Beishon.

Sir, The article ("Simmering today; jams tomorrow," October 19) highlights the need to reduce traffic congestion in south-east England. Consumers share these concerns, as a recent *survey for the* Consumers' Association has shown.

Our survey also tested public *support for some of the* measures which, according to your article, have been suggested by the London and South East Regional *Planning Conference* (Serplan) to deal with the problem. The results showed wide support for improving *bus* services, enforcing traffic regulations strictly, and improving facilities for cyclists *and* pedestrians. The majority favoured banning cars from congested areas *and almost* three out of four people agreed that there is a need to limit the amount of traffic in large towns and cities at busy times. These results suggest that the public does accept the idea that car use should be restrained, although *road* pricing was a decidedly unpopular option.

The association is concerned at the government's piecemeal approach to transport. An independent review of national transport policy is overdue.

John Beishon,
chief executive,
Consumers' Association,
2 Marylebone Road, NW1

FINANCIAL TIMES
Friday November 2 1990

CONGRESS PARTY CHANGES STRATEGY

Bid to remove V.P. Singh gains political momentum

By K.K. Sharma in New Delhi

A MOVE to replace Mr V.P. Singh as India's prime minister with another leader of his Janata Dal party gathered momentum yesterday with indications that this would win the government crucial support from Mr Rajiv Gandhi's opposition Congress party.

Evidence that the Congress party was changing its strategy, ahead of the crucial conference vote to be taken in parliament by the National Front coalition next Wednesday, emerged when it unexpectedly voted with a regional Janata Dal government, allowing it to win a vote of confidence in the western state of Gujarat.

The Congress move is thought to be aimed at isolating the Hindu fundamentalist Bharatiya Janata party (BJP), which last month deprived Mr Singh of his majority when it withdrew support for his coalition.

BJP leaders have been active in the campaign to build a Hindu temple at Ayodhya, northern India, on the site of an existing mosque.

Hindus stormed and damaged the mosque on Tuesday, provoking clashes which continued in several states yesterday.

At least 18 more people were killed, further areas came under curfew and the army was asked to make a show of strength in many towns.

Both main Indian political parties are thought keen to avert a general election at a time when the BJP is gaining strength due to its appeal to the Hindu majority.

A Congress spokesman made it clear yesterday that his party would vote against the government if Mr Singh remained at its head but promised "constructive co-operation from outside" if the Janata Dal elected a new leader before parliament's one-day session on November 7.

Clear indications were available yesterday that a sizeable section of the Janata Dal was preparing to replace Mr Singh. A statement issued by three senior cabinet ministers and four members of parliament said that "political leaders who allow personal factors to prevail at the cost of national concerns will never be forgiven by the people".

In the running to succeed Mr Singh are Mr Devi Lal, whom he dismissed as deputy prime minister in July, and Mr Chandra Shekhar, a prominent party figure who has long aspired to become prime minister. Mr Shekhar yesterday said he saw nothing wrong in getting Congress support for the survival of the National Front government.

Mr Singh has already written to Mr S.M. Bommai, the Janata Dal president, offering to step down. The National Front leadership is meeting today and an outcome is expected by Monday.

Big stakes in Japanese by-election

Voters get their say on Kaifu's Gulf strategy, says Robert Thomson

WHEN Mrs Michiko Goto wants to rouse local voters, her campaign speeches turn to a wartime past as a forced labourer in a bombed bearing factory. She then confesses that her own husband sent young kamikaze pilots to their death during his days as a military academy instructor.

The high emotion of Mrs Goto, the Japan Socialist Party (JSP) candidate, has characterised a by-election campaign in central Japan that has become a virtual referendum on Japanese military participation in the Middle East and a crucial test of strength for Prime Minister Toshiki Kaifu and the ruling Liberal Democratic Party.

This prefecture, Aichi, is his home, and if the LDP does not win the upper house seat, hostile forces in his own party will have another reason to dump him. Mr Kaifu will today tour Aichi, which includes Nagoya, Japan's third-largest city, while Ms Takako Doi, the JSP leader, will be in Nagoya until polling day, adding her sometimes shrill message to the tearful wartime tales of Mrs Goto.

The LDP candidate, Mr Yoshihisa Oshima, a soft-spoken dentist, had hoped to ignore the controversy over the UN peace co-operation bill and the sending of non-combat troops to the Gulf in favour of local issues such as a new airport, more freeways, and a faster train to Tokyo.

Instead, the campaign has focused on the possibility of Japanese forces in battle for the first time since 1945, stirring memories of personal suffering and raising fears in other Asian countries of a revival of Japanese militarism.

Takako Doi: shrill message

Aichi has a justified reputation as a conservative region, and the LDP should be able to expect a comfortable victory. But the emotion of the main issue has blurred party lines and fuelled worries that even the dispatch of non-combatants could set a dangerous precedent.

A confusing debate in Tokyo over the contents of the bill, which would allow the troops to be sent on peacekeeping missions, has made the Aichi outcome all the more unclear. Local residents are unsure whether the forces will carry weapons or whether they will have the right to use them if attacked.

The LDP campaign has not been helped by the suggestions of local party members that the bill is a breach of the constitution, or by divisions among the LDP leadership over the legislation. Mr Hiroshi Ohki, an LDP parliamentarian and vice-president of the local branch, said that the campaign plan was to avoid discussing the bill, but there has been no choice other than to defend the central policy against JSP attacks.

"We are worried about which way women will vote. They are usually more pacifist because they don't like to send their sons to war, and they are more likely to be moved by the JSP propaganda," Mr Ohki said.

"Some local politicians don't understand that Japan has international responsibilities and that the the corps participation is within the constitution. In recent days, our party has shown that it is willing to be flexible on the issue."

Mrs Goto, 62, has been a local official for 25 years and had not presumed that her unpolished oratory would have a national audience – or that Ms Doi would share her platform.

The controversy over the government's Gulf policy may be a national issue but it has an impact on local people.

"We have a peace constitution that is supposed to guarantee that Japan will never again go to war. Older people are very worried about this legislation. They have many bad memories," she said.

Older Japanese tend to support the LDP, and it is unclear whether those against the bill will show their disapproval by abstaining on Sunday or whether they will be angry enough to cast a vote in favour of the JSP, which they oppose on many other issues. Local newspaper polls have shown that only 30-35 per cent of people intend to vote, while about 60 per cent say they disapprove of the bill.

Toshiki Kaifu: test of strength

It is presumed that the higher the turnout, the more likely a JSP victory. A third candidate, Mrs Yukiko Seko of the Japan Communist Party, has proved popular, but has little chance of winning, although the LDP hopes that her presence will split the protest vote, drawing away women voters from Mrs Goto.

The sex and bribery scandals that tainted the LDP last year appear to have faded as issues, but a case of local corruption at a national election earlier this year could hurt the party. Seven assemblymen were charged after having allegedly accepted bribes hidden in socks and herring roe.

S Korea to review US fighter purchase

By John Ridding in Seoul

SOUTH KOREA yesterday promised a thorough review of its decision to buy 120 fighter aircraft from McDonnell Douglas because of a sharp increase in the original $4.2bn price of the deal.

Mr Lee Jong Koo, defence minister, said the government would try to avoid changing from the F/A-18 Hornets built by McDonnell Douglas, but would do so if necessary. He said the government would conduct a "complete reassessment" of its fighter programme. A decision will be made by early next year.

McDonnell Douglas said it was disappointed by the decision but was confident that McDonnell Douglas, and its partners in the Korea Fighter Programme consortium, could "provide options that lie within South Korea's financial parameters".

The decision by the South Korean government is the latest complication in the protracted process of awarding a contract for its next generation of fighter aircraft. South Korea chose the F/A-18 late last year, in preference to the General Dynamics F-16, after a selection process lasting several years.

Under the terms of the agreement, McDonnell Douglas was to sell Korea 12 finished aircraft, 36 to be assembled in Korea and 72 to be co-produced at Korean factories.

An official at South Korea's Defence Ministry said there had been disagreements concerning the terms of technology transfer but "the single most important factor in the decision to review the award was the increase in cost". He said McDonnell Douglas was now seeking an extra $2.235bn, taking the total price of the programme to about $6.5bn.

McDonnell Douglas accepted that the price had increased above $4.2bn but declined to say by how much. The company added that the increase reflected a rise in the degree of local content, the improved capabilities of the aircraft to be sold, and the fact that the project had been delayed by two years.

The decision by the South Korean government also reflects a reduction in the expected military budget over the next five years. Next year, defence expenditure will show little increase in real terms and its share of the total budget will fall from 30.4 per cent to 28.5 per cent.

McDonnell Douglas said it was confident the programme would go ahead and that it was important for the development of Korea's aerospace industry. Samsung Aerospace Industries, a subsidiary of the Samsung Group, is the Korean contractor in the programme.

Key US index shows decline

Continued from Page 1

the lowest rate of growth since this indicator was initiated in January, 1988. The growth of export orders has been weakening for some months, despite the growing price competitiveness of US manufactures, suggesting weakening world demand. The 3.8 per cent drop in construction spending (2.6 per cent in real terms) has been expected for some time, since construction orders have been weak for many months. However, this is the steepest monthly fall since a drop of 3 per cent in January, 1982.

Japan warned over aerospace purchases

By Ian Rodger in Tokyo

THE EUROPEAN aerospace industry, with the support of the European Commission, is increasing pressure on Japan to buy more European aircraft and space equipment.

Industry leaders say they have run out of patience with Japanese assurances that an even-handed approach will be taken to imports of aerospace equipment, and have warned of retaliatory protectionist measures in the EC unless an apparent bias in favour of US suppliers ends.

Lord Tombs, chairman of Rolls-Royce, the UK aircraft engine manufacturer, yesterday warned that Japanese industry in general, now over-dependent on the US market, could not expect to find alternative markets for its products in Europe "unless Japan herself takes more European goods, especially from the wealth-creating high-technology industries."

His attack comes at a time when Japanese airlines and defence forces are contemplating big orders and the Japanese satellite market has been opened to international competition.

In a speech in Tokyo, Lord Tombs noted that the European aerospace industry had a 27 per cent share of world civil and military markets, but only an 11 per cent share of Japanese imports, where the US had an 87 per cent share.

"In recent years, the US has subjected Japan to intensifying political pressure to do something about the bilateral trade imbalance. I do not wish to suggest that political pressures from Washington have a direct impact on the purchasing decisions of individual Japanese companies, but I do believe that they create an atmosphere which is not helpful to European exporters of high visibility aerospace products."

The European Commission delegation in Tokyo has also shown impatience with the aerospace issue, this week transmitting its concern over the decision to exclude European representatives from the Next Generation Broadcasting Satellite Study Group.

The group, which includes a representative from the US Electronics Industry Association, was set up after Japan agreed last spring, under US pressure, to open up its broadcasting satellite market to imports.

EC officials in Tokyo complained that this decision ran counter to assurances of non-discrimination given by Japanese authorities over the past few years.

EC delegation and aerospace industry officials in Tokyo reject the customary Japanese claims that they are not trying hard enough.

"The large number of European aerospace companies which have quite active offices in Japan demonstrates the keenness of Europe to enter the Japanese market," Mr Jean-Louis Claudon, chairman of the aeronautics and space committee of the European Business Community in Japan, said at a press conference last month.

Redrawing the air map, Page 2

The difference at McDonald's is paper

By Karen Zagor in New York

McDONALD'S, the hamburger chain, is seeking to shed its image as the fast-food scourge of the earth, by phasing out its polystyrene foam packaging.

The Oak Brook, Illinois, company is to start cutting back its use of foam containers, which accounts for nearly 75 per cent of its total foam use, within 60 days.

Mr Dick Starmann, senior vice president at McDonald's, said: "Our ultimate goal is to do this all over the world, although each country will make its own decision."

Mr Starmann said the foam would be replaced with paper-based packaging. He also reiterated the company's commitment to recycling.

"We are going to recycle everything in McDonald's that can be recycled and we still plan to spend about $100m a year to buy recycled materials."

McDonald's expects the new packaging to reduce significantly the volume of packaging used by its restaurants.

In the US, thousands of environmentally conscious consumers have dubbed the chain McToxic and boycotted some McDonald's restaurants, while some East Germans called for a ban on all fast food restaurants because of the "abnormal" levels of rubbish produced by their packaging.

"This a a major victory for grass-roots organisations around the country," said Ms Jeanne Wirka, solid waste policy analyst at the Environmental Action Foundation in Washington, DC.

McDonald's, which is the biggest US user of the so-called hinged-container packaging, tried to appease the environmental lobby last year by launching a programme to recycle its foam plastic packaging.

The material is popular with fast food chains because it traps heat, protects food from contamination and repels grease stains better than most paper-based products.

But environmentalists never considered recycling to be a viable option for polystyrene, in part because the production process generates pollutants, and partly because there is not enough demand for recycled polystyrene to make the process worthwhile.

The company tacitly admitted the power of consumer pressure on its decision when Mr Ed Rensi, president of the company's US operations said: "Although some scientific studies indicate that foam packaging is environmentally sound, our customers just don't feel good about it. So we're changing."

Environmental activists hope McDonald's decision will prompt other fast-food chains to follow suit.

McDonald's is acting in conjunction with the Environmental Defence Fund, a private membership organisation whose staff is made up of lawyers, scientists and economists. They have been working together since August.

● Friends of the Earth said that if the chain was really serious, it should give customers in its restaurants the choice of eating off a plate.

THE LEX COLUMN

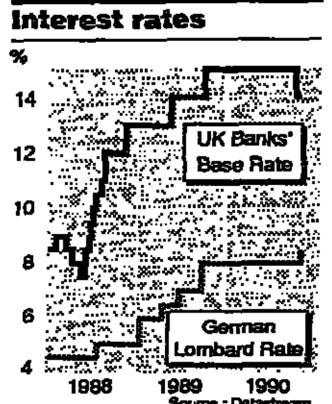
Bringing politics into sterling

The disarray in the Thatcher government suggested by Sir Geoffrey Howe's resignation comes at a tricky time for UK economic policy. Since ERM entry, the foreign exchange markets have become more central to that policy, not less. The assumption that UK base rates were coming down had already been quashed by the authorities yesterday before Sir Geoffrey's departure, or indeed before the rise in German interest rates. But it all makes for a tricky time for sterling, which at one point yesterday was the weakest member of the ERM at DM2.93.

Granted, the rise in German rates was quite unlike the last one in October 1989. Then, the Bundesbank's move was instantly copied by the rest of Europe. This time, it followed interest rate cuts in France as well as the UK. Times have changed, and economies are more divergent now than for a very long time. Even allowing for yesterday's extra dose in UK political risk, there will still be those in the London market hoping for 13 per cent base rates by Christmas.

But it will take delicate timing, if at all. If a rate cut is interpreted as a genuine sign of economic slowdown and not a concession to inflation, it need not harm the currency. When France trimmed its interest rates on Wednesday, the franc actually rose. But the Confederation of British Industry's plea for lower interest rates this week was based on the fact that it is caught by rising wage costs which it cannot pass on in prices. From the viewpoint of the foreign exchange markets, that sounds like a good description of what ought to be happening at this point in the cycle.

Interest rates



Germany

First, the good news. By gently tightening monetary policy when German inflation has only just crept over 3 per cent, the Bundesbank has demolished the notion that it had lost some of its authority. Raising the Lombard rate, with the first pan-German elections only one month away, is not something which will endear Mr Pöhl to Germany's ruling coalition. Not only is the Bundesbank still resolutely independent of political pressures; it has also sent a shot across the Bonn government's bows, warning it against trying to finance unification by loosening its fiscal stance.

The bad news is that this is scarcely a private German matter. Business confidence east of the Rhine is still high; corporate Germany has plenty of cash and little debt; and the economy in the old federal republic is probably still going to grow at 3 per cent plus in 1991. Hence a half-point rate rise there is no great matter for the Germans themselves, especially since the economic fundamentals and the strong Deutschemark give little grounds for fearing another rate hike soon. The danger for the rest of the world is that the Bundesbank might maintain its stance too far into 1991. Next year is going to see harder times - either slowing growth or actual recession - in much of Europe. One hopes the Bundesbank will not make it worse than need be.

Allied Irish

What do British Airways and Allied Irish Banks have in common? Both made ambitious bids for US companies, asked their shareholders to cough up the money and are much stronger now because their bids failed. The big difference is that BA's attempt to take a stake in a highly leveraged UAL flopped because its bankers lost their nerve. In AIB's case, it was extremely fortunate that Baltimore Bancorp did not jump at the chance to take its $17 a share offer. Bankers should know better than most that in a bear market assets are only worth what they can be sold for, and the stock market is saying that Baltimore Bancorp's shares are worth a touch over $5.

Indeed, there will be many foreign bankers secretly envying the luck of the Irish. Marine Midland's third quarter loss of $111.5m must be making the HongKong Bank wonder whether it really can afford to take on Midland Bank's problems as well. Meanwhile, last week's horrendous loss from MNC Financial, the market leader in Maryland, ought to be a worry for First Maryland Bancorp, which is number two in the area and AIB's US flagship. First Maryland is far less exposed to the depressed real estate market; but the recent problems in US banking demonstrate that even the best banks are starting to be infected by the problems of the worst.

Bunzl

It was the timing rather than the substance of sweeping board changes at Bunzl which came out of the blue yesterday. Not that the departing chairman and chief executive lacked the stomach for a fight; as recently as early September he had resisted fierce calls from frustrated shareholders to resign. Investor impatience is understandable. Bunzl was a classic 1980s glamour stock, outperforming the market by a factor of five until 1985 and then falling back to end the decade where it started. Earnings per share last year were lower than in 1985.

The question is where the shares go now. Yesterday's statement did not look considered enough to be immediately reassuring, but in the circumstances that might be forgiven. So long as no bad trading news lurks behind the executive struggle, there is no reason to punish the shares further at the moment. While the episode looks like a victory for investor pressure on the non-executive directors, it must be remembered that the shares have halved in value since January. Moreover, the company's slack performance while the offices of chairman and chief executive were combined was not exactly sudden.

North West Water

North West Water's first step on the acquisition trail, looks rather sounder than some of the previous moves by the newly privatised water companies. It has done the sensible thing and decided not to jump into the messy Caird affair, although there would have been some geographical attractions. Its move into the US, may be rather ambitious, but it has bought a profitable business and by doing a friendly deal it has been able to make sure that there are no obvious horrors lurking in the balance sheet of its target. The £51m purchase should not dilute earnings and, with a £1bn market capitalisation, it is not going to stretch North West's financial resources.

WORLDWIDE WEATHER

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Friday November 2 1990

INSIDE

Heavy industry trio post gains in Japan

Japan's big three heavy industrial groups have all reported increases in their interim profits. A boost in power system orders helped Mitsubishi Heavy Industries to a 13.6 per cent increase after tax, while cost-cutting efforts paid off at Ishikawajima-Harima Heavy Industries which advanced by 15.3 per cent. Kawasaki Heavy Industries lifted unconsolidated pre-tax profit by 40.5 per cent. Page 24

Punts of no return

A sum of between I£20m and I£305m, frozen in a bank account in Cyprus, is one of the more bizarre aspects of recent events at Goodman International, Europe's biggest beef processor. A Goodman subsidiary raised the money from Barclays Bank Dublin to lend to a Tipperary farmer, for purposes undisclosed. Since then, it has become well-travelled — diverted en route for South Africa to arrive in Cyprus via the Channel Islands, London and Luxembourg. Larry Goodman (above) is taking legal action to recover the money which he says is his. Page 29

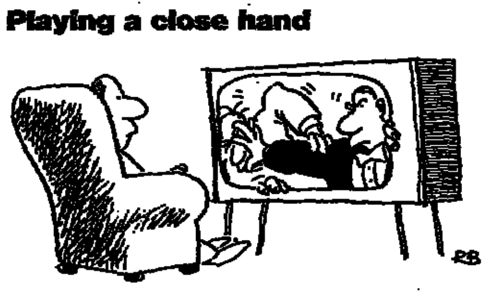
Nordic banking powerhouses

The recent Swedish Finance Ministry proposal to abolish ownership barriers between banks and insurance companies has triggered the second stage of a revolution in domestic banking, paving the way for expansion across Europe. "There are significant synergy effects between banks and insurers," says Mr Curt Olsson (above), chairman of Sweden's largest bank, S-E-Banken. John Burton reports from Stockholm. Page 25

When the bough breaks ...

Several of Canada's biggest timber companies have taken the axe to dividends in a desperate bid to save cash amid a sagging market. Results in the third quarter have been grim — one pulp, paper and timber producer after another has reported either a loss or a steep dive in earnings. Page 24

Playing a close hand



The new UK broadcasting bill received royal assent yesterday, preparing the way for a round of competitive tenders on television franchises. A tense poker game is about to get underway as players line up for a stake in, or an outright takeover of, a big ITV company before the changes. Until now, powerful media players have been at the table, but no one has been willing to play their cards. Page 29

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Lahmeyer	1080	+	20
Falls			
BMW	410	−	6
Degussa	287	−	12.9
Hochtief	1270	−	30
Porsche	740	−	15
Rosenthal	340	−	25

NEW YORK ($)

Rises			
AIG	63	+	⅛
General Mills	84	+	⅞
McDonald's	25¾	+	½
MBIA	23⅝	+	1⅝
Falls			
Ford Motor	27½	−	¾
Humana	40	−	1¾

PARIS (FFr)

Rises			
Accor	759	+	12
Club Med	443	+	17
Fonciere Lyon	791	+	31
Midi (Cie)	904	+	30
Unibail	784	+	34
Falls			
Schneider	600	−	20

TOKYO (Yen)

Rises			
Atsugi Nylon	1280	+	70
Kyosan Elec	1360	+	50
Yamazen	1450	+	90
Falls			
Aoki Corp	910	−	62
JEOL	1410	−	60
Kurabo Inds	1340	−	30

New York prices as at 12.30pm.

LONDON (Pence)

Rises				Eurotunnel	470	−	20
Charter Cons	372	+	7	Glaxo	754	−	16
Priest (B.)	111	+	21	Harrison Cros	116	−	11
Scottish TV	492	+	8	Monarch Res	235	−	20
Slebe	269	+	12	Redland	540	−	14
Takare	164	+	12	RMC Group	559	−	20
Thorn EMI	599	+	14	Stand Chartrd	248	−	10
Falls				Sun Alliance	291	−	9
AMEC	188	−	10	Sun Life	980	−	28
Amersham Intl	254	−	9	Unilever	646	−	15
Avon Rubber	269	−	16	Welsh Water	312	−	9
BAA	360	−	8				
Brent Walker	50	−	6				

KLM drops by 74% in second quarter

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines, one of several European carriers battling to control costs, said yesterday that its profit plunged almost 74 per cent in the second quarter, reflecting higher bills for fuel, insurance, loans and aircraft maintenance.

Net profit in the second quarter fell from Fl 162.3m a year earlier to Fl 42.7m ($24.9m). The airline's total costs climbed 11 per cent to Fl 1.7bn in the three-month period ended September 30, easily outstripping a meagre 1 per cent rise in revenue to Fl 1.8bn.

KLM, which outlined a series of cost-cutting measures in mid-October, repeated earlier warnings that it stands to make a "significant" loss in the 1990/91 fiscal year. On the Amsterdam bourse, KLM shares eased Fl 1 to close at a 12-month low of Fl 19.10.

Pre-tax results from normal business operations fell by 66.3 per cent to Fl 77.1m. Although financing charges rose by more than Fl 30m, this was more than offset by a book profit of Fl 41.1m on the sale of a Boeing 747-200.

The volume of traffic on KLM's aeroplanes rose a healthy 8 per cent in the period, but traffic revenues were flat overall because of the fall of the dollar, yen and pound sterling against the Dutch guilder.

However, the strength of the guilder brought a measure of relief to KLM's fuel bill. Although fuel prices rose 20 per cent in dollar terms in the quarter, the Dutch carrier's fuel costs in guilders were only 4 per cent higher at Fl 184.5m because of the slide in the dollar.

The biggest proportional rise in costs was in the "materials and consumables" used to repair and maintain KLM's fleet of aircraft. These costs soared by 65 per cent to Fl 128.6m.

Salaries and other staff expenses – KLM's single biggest item of expenditure – were up 7 per cent at Fl 532.2m.

KLM posted a net profit of Fl 84.1m in the 1990/91 first half, down 78.5 per cent from a year earlier. The second half, which corresponds with the winter months, is traditionally weaker than the first half, raising the prospect of big full-year losses ahead.

Another factor pushing profits down is a fall in contributions to earnings from KLM's minority stakes in such carriers as NorthWest Airlines of the US, Sabena World Airlines of Belgium and the Dutch charter companies, Transavia and Martinair.

KLM, which is 38.2 per cent state-owned, is seeking to reduce its annual costs by Fl 400m over the next three years. It took a charge of Fl 25m against profits in the second quarter to help pay for carrying out the cost-cutting drive.

The airline is planning to cut 500 jobs, simplify working methods and trim unprofitable routes. So far, KLM has announced that it is halting services to Malta, Majorca and the Turkish cities of Izmir and Ankara.

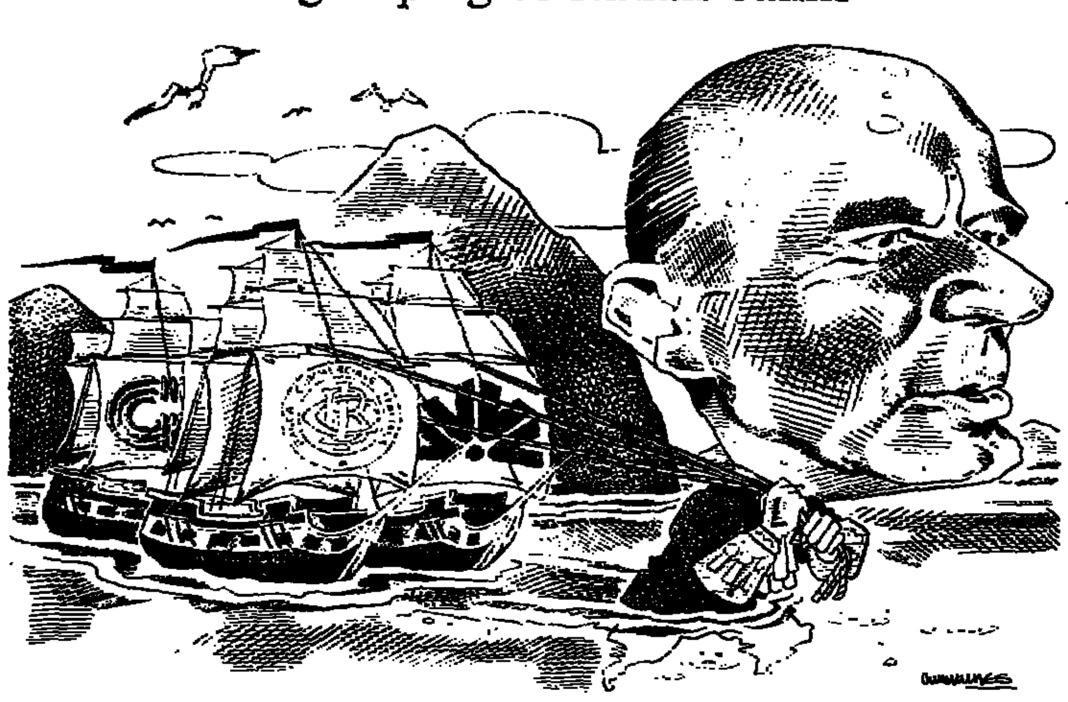
Other big European airlines such as Air France and Scandinavia Airlines Systems have also recently launched programmes to rein in costs.

Markets, Back Page

KLM's Jan de Soet: significant loss forecast for the fiscal year

Haig Simonian looks at the regrouping of Italian banks

Pulling together to take on the big boys



Guido Carli gave a boost to privatisation by suggesting that it might be the answer for IMI

After years of stagnation, the most thorough restructuring of Italy's fragmented banking sector is now unquestionably under way.

This week, IRI, the country's state-holding company, gave the green light for the merger of three publicly-owned banks in central Italy to form the country's biggest bank holding company with total assets of over $111bn.

That title may be contested sooner than expected given IRI's revelation that it is also studying the fusion of Banca Commerciale Italiana (BCI) and Credito Italiano, two of the three "banks of national interest" it owns, to create a financial powerhouse with total assets of almost $164bn.

Separately, speculation has mounted that Istituto Bancario San Paolo di Torino, the Turin-based bank which is currently Italy's largest financial institution, may try to raise its 40 per cent stake in Crediop, the leading long-term lending institution, to majority control.

The moves follow two major developments earlier this year which have set the scene for the new period of rationalisation and which promise much more to come.

● The Amato law, named after a former Treasury minister, will allow many publicly-owned banks to change their status to public companies and issue up to 49 per cent of their shares on the stock exchange.

● The Bank of Italy has liberalised the former system whereby applications for new bank branches were only considered in four-year batches. In the first six months under the relaxed rules, banks have submitted over 2,000 branch applications alone.

The latest changes shed little light on other parts of Italy's banking puzzle such as Banco di Napoli, the big Naples-based bank. Rationalisation is also seen as inevitable at the savings and co-operative banks and earlier this week, Mr Guido Carli, the Treasury minister, gave privatisation further encouragement by suggesting that it might be the answer for IMI, the fund management and investment banking group.

But they reflect the growing concern in Italian financial circles that the country's banks are too small, inefficient and domestically-oriented to compete effectively with their big international rivals.

However, they have so far failed to address the fact that the country has no bank of international consequence in the private sector. Even under the Amato law, any attempt by a public bank to increase private-sector participation beyond 49 per cent will require parliamentary approval.

The publicly-owned banks still lack the size to offer Italy's biggest companies the ever widening range of international services they require. While Italy has roughly as many banks in the world's top 80 as its big European counterparts, even San Paolo currently ranks just 36th on a world basis with total assets of $107bn.

Compare that with the $242bn in assets at France's Credit Agricole, the world's seventh biggest bank, or the positions of Barclays and Deutsche, ranked 14th and 16th in the world, with assets of $205bn and $202bn respectively.

Italy's private-sector banks come even lower down the list. The biggest – and one of the least profitable – Banca Nazionale dell'Agricoltura, ranks just 163rd internationally with $26bn in total assets. Banco Ambrosiano Veneto, the next, clocks in at 197th place with $22bn in assets.

Comparisons of international profitability are much harder in view of differing accounting standards. But again, Italy's state-owned banks seldom shine against their best European rivals, despite buoyant lending business and margins which remain the envy of many foreign bankers.

While it is already clear that the changes now taking place will eventually produce fewer, bigger banks, the evidence that they will be any better than their present counterparts is by no means clear.

Some bankers fear that the reforms that are underway will not remove a serious competitive disadvantage suffered by the state-controlled banks, for example the difficulty they have of raising new capital. BCI has already suffered one major disappointment because of state control, namely the failure to acquire Irving Trust of New York in August 1988.

Nor, argue the supporters of privatisation, is it by any means certain that the big new banks being formed will be less susceptible to political influence than their often-tainted predecessors. Italian bankers complain vociferously about the role of political appointments in weakening the quality of bank managements and the extent to which lending decisions are also affected by political influence. "A bank that is subject to political interference is a very ineffective business," says one Italian banker who adds that the Rome-based publicly controlled banks are particularly vulnerable.

Geographically, the new merger trend does not tackle the question of internationalisation. The long-standing plan by Germany's Commerzbank and Banco Hispano Americano of Spain to swap shares with Banco di Roma now looks a non-starter given the latter's inclusion in the new "super-regional" being set up.

Likewise many of the other new alliances being mooted remain inward-looking. For the time-being at least, tiny share swaps with foreign institutions seem to be far as internationalisation is likely to go.

Both this week's announced merger in central Italy between Banco di Roma, Cassa di Risparmio di Roma and Banco di Santo Spirito, and the potential tie between BCI and Credito Italiano, involve banks focusing on similar parts of the country.

Supporters of the strategy say that geographic concentration is a vital ingredient to profitability. Broad representation in a specific region will allow the banks greater control over - and hence wider - margins in their deposit-taking business.

Applications for new branches underline the current stress on regional, rather than national or international, coverage. According to the Bank of Italy's latest figures, even Italy's biggest banks appear to be more interested in filling gaps in existing areas of strength. But executives at some Italian banks maintain that they must give a high priority to strengthening their domestic operations ahead of the day when the process of financial integration in the EC brings tougher foreign competition into the home market.

While the strategy is understandable given the localised structure of Italian business and the problems some banks have faced in expanding outside their home turf, creating a new flock of "super-regional" banks may not necessarily be the right solution in the longer term.

Akzo warns of gloomy year ahead as profits fall 26%

By Ronald van de Krol in Amsterdam

AKZO, the Dutch chemicals and fibres group, yesterday reported a 26 per cent drop in third-quarter results and warned for the first time that the downward trend was likely to continue for the rest of the year.

Net profit in the third quarter fell from Fl 224m to Fl 166m ($97m), causing results for the first nine months to drop by 21 per cent to Fl 573m. Operating profit in the third quarter fell by 30 per cent to Fl 287m.

The company blamed the downturn on the Gulf crisis, the decline of the dollar and the weakening of economic activity in the car and construction industries. Like other chemicals groups, Akzo has not been able to raise selling prices enough to keep pace with the increase in feedstock prices caused by tension in the Middle East. Akzo, which predicted in August that its second-half results would fall less steeply than the 24 per cent decline of the first half, said it now expects the lower trend to extend into the final quarter. In 1989, it posted a record net profit of Fl 954m.

On a generally weaker Amsterdam stockmarket, Akzo fell Fl 4.2 to Fl 69.20. Akzo's Dutch competitor DSM, which rose almost Fl 3 on Wednesday despite reporting a 19 per cent decline in profits, gave up the previous day's gains to close down Fl 2.80 at Fl 81.40.

Akzo left its interim dividend unchanged at Fl 1.50. Mr Syb Bergsma, a member of the Akzo management board, refused to be drawn on whether the final dividend will be maintained at Fl 6.50. He would say only that Akzo traditionally aims to pay 35 to 40 per cent of net profit to shareholders.

Turnover in the third quarter fell by 9 per cent to Fl 4.1bn. In the first nine months, turnover was off 6 per cent at Fl 13.0bn.

Of Akzo's four product groups, only healthcare improved, with operating profit up 12.9 per cent at Fl 105m. Operating profit in chemicals was almost halved at Fl 80m, while the fibres and coatings groups also revealed lower results.

Akzo realised extraordinary gains of more than Fl 100m in the third quarter. However, these gains were not included in the third-quarter accounts because Akzo will probably need to make provisions of Fl 160m in the fourth quarter to restructure its chemicals and fibres divisions.

Bunzl chief quits in boardroom row

By Andrew Hill in London

MR JAMES WHITE has resigned as chairman and chief executive of Bunzl, the British specialist manufacturing and distribution company, together with two executive directors.

Mr White decided to step down after heated debate with the rest of the board, particularly the group's non-executive directors, and institutional investors who wanted him to abandon the role of chairman.

Mr David Kendall, a non-executive director, has taken over as chairman. He said last night: "[Mr White] had come to accept that the roles of chairman and chief executive should be split; he then had to make up his own mind about whether he wanted to fill just the chief executive's role."

He added: "In the end, much to our disappointment, he felt that he didn't want to take the reduced role and decided to take this opportunity to go. The bit that he likes is very much the external and strategic side which is the responsibility of the chairman."

Bunzl has lost two other executives, Mr Paul Lorenzini, president of Bunzl Distribution in the US, and Mr Brian Ford, who has also resigned as managing director of the service and distribution division.

Bunzl bought companies at a rate of about two a month between January 1986 and early 1989, during which time Mr White was managing director and, from March 1988, chairman of the group. As earnings began to slow, Bunzl realised it had overstretched itself and Mr White presided over an 18-month programme of disposals which has just finished.

He came in for strong criticism from shareholders at May's annual meeting, withstanding calls for his resignation. Investors were particularly critical of the £20,829 increase in Mr White's 1989 salary to £420,415 in a year when profits declined from £93.3m to £65.4m ($127m).

A Bunzl adviser said yesterday: "The non-executives can't have enjoyed that meeting much."

Mr Kendall explained that there was no longer much need for a tier of senior management which reported to the chief executive of the slimmed down group.

Advisers to Bunzl stressed last night that the company was not in any financial difficulty. Mr Kendall said the board – which now consists of just two executives and three non-executives – would continue to pursue a strategy to develop Bunzl's existing operations.

Lex, Page 22

Bond Corp asks ASX for deal on share trades

By Kevin Brown in Sydney

BOND Corporation Holdings, the former flagship of Mr Alan Bond, the Australian entrepreneur, has asked the Australian Stock Exchange (ASX) to allow trading in its shares to resume if creditors and shareholders approve a restructuring plan.

The ASX is unlikely to respond before December, when Bond Corporation has promised to publish its annual report for the 15 months to September 30. Trading in the company's shares would be unlikely to resume before February or March, when the restructuring is expected to receive final approval from the Australian courts and US and European bondholders.

Bond Corporation shares were suspended last December, when they were trading at around 13 cents. The ASX later threatened to delist Bond Corporation for breaches of its rules, but did not carry out the threat.

Bond Corporation has significantly reduced debt since the suspension through the sale of its media subsidiary to Mr Kerry Packer's Australian Consolidated Press Holdings, and its brewing businesses to Bell Resources and Lion Nathan of New Zealand.

However, the company is estimated to have negative net worth of more than A$1bn (US$833m) following losses of A$980m for 1988-89 and A$2.24bn for the year to June 30. Mr Bond resigned as chairman in September.

Under the proposals, announced by Mr Peter Lucas, who replaced Mr Bond as chairman, the bondholders and other creditors would take control of the company through a debt-for-equity swap. The scheme requires shareholders to agree to the cancellation of 19 of each 20 existing shares and the issue of 190m new ordinary shares, 50 per cent to ordinary unsecured creditors and the balance to subordinated unsecured creditors.

In addition, 242.2m A$1 redeemable preference shares would be issued, 86.7 per cent to ordinary unsecured creditors and the rest to subordinated unsecured creditors.

The Supreme Court of Western Australia is expected to rule on December 10 on an application by Bond Corporation to convene meetings of creditors and shareholders to approve the scheme. If the court approves, they will be held in February or March.

Strong demand lifts Japan heavy industrial groups

By Emiko Terazono in Tokyo

JAPAN'S big three heavy industrial groups have all reported higher profits for the six months to September 30 on the strength of buoyant demand for capital equipment and, in the case of Kawasaki Heavy, powered water craft.

Mitsubishi Heavy Industries, the largest heavy machinery maker, reported a 7.9 per cent boost in orders from the same period last year, especially in power systems.

Sales rose reflecting increases in sales of general machinery. After-tax profit was up 13.6 per cent to Y35.4bn ($260m).

For the year as a whole, the company estimates that pre-tax profit will rise 6.8 per cent to a record Y150bn.

Increased sales and cost-cutting efforts contributed to a sharp increase in profits at Ishikawajima-Harima Heavy Industries. Sales of ordinary machinery were up 7.3 per cent while those of aerospace equipment rose 6 per cent. After-tax profit increased by 15.3 per cent to Y7.2bn. IHI expects its strong profit growth to continue in the second half, and is forecasting a 90 per cent rise in full-year pre-tax profits to Y28bn.

Kawasaki Heavy Industries reported an increase in sales due to a 48.5 per cent increase in shipbuilding sales. A growth in demand for motorcycles and the company's popular jetski water craft contributed to an 18.1 per cent rise in sales for consumer products. Total orders increased to Y469bn, up 18.8 per cent as orders in the machinery division reached Y151.7bn. Unconsolidated pre-tax profit rose 40.5 per cent to Y8.6bn. Net income was up 23.9 per cent to Y6.07bn.

Japanese Industrial Results (Ybn)

Company	Sales	Pre-tax
Mitsubishi Heavy Ind	1,030	66.4
Ishikawajima-Harima Heavy Ind	302	10.6
Kawasaki Heavy Ind	355	8.6

Trading resumes in Trump casino bonds

By Nikki Tait in New York

TRADING in the Trump Organisation's high-yield Taj Mahal casino bonds resumed yesterday morning, following a suspension on Wednesday afternoon by the American Stock Exchange due to uncertainty over whether the company could make the $47.3m interest payment on the bonds by the November 15 deadline.

The bonds fell three points to 27 in thin over-the-counter trading late on Wednesday. However, according to McCarthy, Crisanti and Maffei, the high yield specialists, they were quoted at 28-35 yesterday morning. Amex said on Wednesday that, in the absence of any assurances from Trump about the payment, the bonds would trade on a "flat basis" from now on – that is, they will not trade with accrued interest ahead of the payment date.

It has been clear for many months that the cash-strapped property and casinos group headed by New York businessman Mr Donald Trump would have great difficulty in meeting the interest payment. The casinos, the main cash-cows within the organisation, have been performing poorly and Trump has been attempting to restructure the Taj Mahal bonds. Earlier this month, it filed a proposed restructuring scheme with the Securities and Exchange Commission. This envisaged reducing the rate of interest on the bonds – currently 14 per cent – to 9 per cent and allowing the November payment to be made in additional bonds rather than cash.

But the Taj Mahal Bondholders' Steering Committee dismissed the scheme and said it would prefer to see the Taj Mahal go into bankruptcy.

KKR seeks $2bn to increase takeover fund

By Martin Dickson in New York

KOHLBERG Kravis Roberts, the New York buy-out investor which is one of the most powerful takeover players in the US, is trying to raise up to $2bn from investors to take advantage of what it believes are good deal-making opportunities, despite the depressed economic climate.

Its move is the first positive news in weeks for the American takeover market, where volume and values of deals have been hit by fears of recession, the uncertainty of the Middle East crisis and a reduction in bank lending for bids.

KKR last raised money from institutional backers in 1987, establishing a record-breaking $5.6bn buy-out fund which it invested in deals such as last year's $25bn acquisition of RJR Nabisco.

In a letter to investors this week it says it wants to raise a $1bn to $2bn supplement to the 1987 fund. Around 75 per cent of the 1987 fund has been invested so far. Institutions say KKR argues the difficult economic climate is creating opportunities to buy companies at good prices since stock-market valuations have fallen and there are not many purchasers. The firm apparently draws parallels with the 1981 recession, when it successfully invested in more than half a dozen companies.

However, KKR is emphasising that future deals will tend to be financed with higher levels of equity, relative to debt, than in recent years.

KKR already has a commitment of $350m to its supplementary fund from the State of Oregon's public pension scheme, a long-time backer. As the firm argues the climate can offer above average long-term investment returns, others seem likely to follow suit.

● RJR Nabisco, which has been undertaking a $7.1bn recapitalisation to refinance and reduce its debt, yesterday announced its offer to buy in $1.85bn of debentures due in 2009 and $541m due in 2007 had been oversubscribed.

Continental angry over rejection of buy-out

By Alan Friedman in New York

CONTINENTAL Bank, the Chicago institution rescued at a cost of $1bn by US regulators in 1984, yesterday responded with anger and perplexity to the rejection by the government's bank insurance fund of a management-led offer to buy the government's minority shareholding in the bank.

The rejection of the offer, only 48 hours after it had been made, was the third in 12 months by the Federal Deposit Insurance Corporation (FDIC), which owns 28 per cent of Continental Bank.

The latest Continental-led offer, at $7.87 a share, would have valued the share stake at $111.5m. Before the close yesterday, the bank's share price stood at $7.87, having risen by ¼. In November 1989, the FDIC refused to let Continental sell the shares in a public offering when the stock was trading at $20 a share.

Last June, the FDIC rejected an offer of $15.50 a share from a group that included managers, Mr Laurence Tisch, chief executive of CBS and chairman of Loews, and Mr William Simon, the former Treasury secretary. At the time, Mr Thomas Theobald, chairman of Continental Bank, said he was "dumbfounded", and described the FDIC's continued ownership of the bank's shares as "a wholly unwarranted role for a regulator". Mr Tisch's family has since increased its stake in Continental to 8.5 per cent.

Yesterday, the FDIC said it had concluded that the latest offer, believed to have been made by the same investor group, "was not in the FDIC's best interest at this time".

Mr Richard Huber, vice-chairman of Continental, said yesterday that before making this week's bid, the bank had been led to believe that the FDIC would accept an offer at the market price. Mr Theobald said he was "mystified" by the FDIC's decision: "I'm at a loss to explain why they have rejected the third market-based offer in a year. Nor can I guess what they're waiting for."

An official at Continental said the bank thought the FDIC was holding out for a better price. "The government is basically speculating on stock prices," he said.

Continental has undergone a radical restructuring in recent years, and reported a $40m net profit in the third quarter of this year after deciding in the second quarter to cut its payroll by 13 per cent and take a $57m loss after special charges to cover the costs.

Amcoal in R900m export growth move

By Philip Gawith in Johannesburg

AMCOAL, the coal arm of the Anglo American Corporation, has announced a R900m ($360m) programme to replace export capacity and to meet additional entitlement arising from the expansion of the Richards Bay coal terminal, the outlet for South African coal.

The programme involves developing the Kromdraai opencast operation and expanding the Kleinkopje operation, both at the South African Coal Estates complex, as well as expanding the Goedehoop colliery.

Amcoal's export entitlement has increased from 9.6m tons to 12.5m tons a year.

Amcoal reported an 18 per cent decline in operating profit to R198.3m from R241.8m in the six months to the end of September, mainly due to a decline in export tonnages, a firmer dollar/rand exchange rate and higher unit working costs. This was partially offset by a 53.9 per cent increase to R70.5m from R45.8m in interest and investment income and a reduction in taxation.

Attributable earnings rose by 6.5 per cent to R137.5m. Earnings per share were 6 per cent up at R5.49 and the dividend was lifted by 10.4 per cent to R1.38.

Mr Graham Boustred, chairman, expects export earnings will increase as a result of higher tonnages, but lower requirements from Escom, the electricity utility that is South Africa's main purchaser of coal, will dampen domestic earnings.

Gencor considers unbundling

By Philip Gawith in Johannesburg

GENCOR, one of South Africa's largest conglomerates, has announced it is considering breaking itself into its constituent parts.

The African National Congress, the leading non-racial political movement, has made unbundling of conglomerates a significant plank of its economic thinking. It says it would make "their [conglomerates'] operation more compatible with the overall development objectives of the democratic state".

Mr Derek Keys, Gencor's executive chairman, said the impetus for the unbundling investigation, decided upon in April, was the bid launched in the UK by the Hoylake consortium for BAT Industries.

Gencor's five divisions – Genmin (mining), Sappi (forestry products), Malbak (industrial holding), Engen (energy) and Genbel (investment) – are run separately. Shareholders interests, at the end of August, were R16.2bn ($6.3bn). Attributable income for the year to August was R1.45bn.

Mr Keys says the report should be available by the end of the month. A decision on its recommendations will probably be made early in 1991.

He said the decision whether to unbundle is a "finely balanced" one. He estimates an increase of about 10 per cent, or R1.1bn in shareholder's wealth could be expected.

Most of the country's best known companies – Gencor, Anglo American and industrial conglomerates such as South African Breweries and Barlow Rand – would be targets for any forced unbundling programme. But the likelihood of a future government pursuing such a policy must be considered slim.

● Anglovaal said its Loraine Gold Mines in the Orange Free State would not declare a dividend for the month. A decision on its dividend was made on September 30, Reuter reports.

"Based on the negative earnings (after capital expenditure) incurred by the company for the 1990 financial year, read against the current uncertainties relating to the rand gold price, the board has decided not to declare a dividend in respect of the year ended 30 September, 1990," it said. The company did not give earnings figures in its announcement.

Aerolineas Argentinas deal near

By John Barham in Buenos Aires

CONTRACTS privatising two key Argentine state companies are expected to be signed next week. Iberia, the Spanish carrier, and its Argentine partners Cielos del Sur expect to sign the contract for Aerolineas Argentinas and officials said the contract for ENTel, the telephone company, will be signed on Wednesday.

The government is anxious to complete the sales, which are well behind schedule. The previous October 8 deadline for handing ENTel to its new buyers had to be scrapped after Manufacturers Hanover dropped out of the deal.

Although executives say the contracts transferring Aerolineas Argentinas are ready for signing, that does not necessarily mean the privatisation will be complete. Foreign banks must still waive a condition set under the last government by which no Aerolineas Argentinas assets may be disposed of without their approval.

The government is selling 85 per cent of Aerolineas Argentinas for US$130m cash, plus US$130m spread over five years and US$2.01bn in Argentine debt certificates.

Third-quarter rise to $336m for AIG

By Nikki Tait

AMERICAN International Group, the eighth biggest US insurer and the largest writer of commercial and industrial cover, saw a four per cent increase in after-tax profits during the third quarter of 1990, to $336.5m. Earnings per share rose from $1.02 to $1.06.

However, AIG said that the relatively modest increase reflected a continued "determination to maintain strict balance sheet discipline." It increased its general insurance loss reserves by $447m in the third quarter and said $1.3bn had been added to loss reserves over the past nine months.

The net figure is also struck after taking in realised capital gains; these stood at $12.8m, less than half the $27.9m scored in the same period a year earlier. Income before realised capital gains and tax increased by one-tenth to $417m.

AIG, seen as one of the most disciplined players in the sector, said that operating profits on its principal general insurance business increased by a fifth to $276m, with the company showing a small underwriting profit of $8.95m (loss $12.5m). The combined ratio fell to 99.55 (100.72) per cent.

On the life side, pre-tax operating profits were up by 14.2 per cent at $117.3m, but financial services made only $32.7m against $44.6m.

General Re, the largest reinsurance group in the US, yesterday unveiled third-quarter after-tax profits of $153.8m, up from $145.8m a year earlier, while earnings per share increased by just over eight per cent to $1.73. Ahead of realised capital gains, there was a profits advance from $136m to $141.5m.

At Transamerica, the West Coast-based insurance and financial services company which owns 39 per cent of London's Sedgwick Group, after-tax profits fell from $93.9m in the third quarter of 1989 to $80.8m this time.

First National Bank beats SA economic slowdown

By Philip Gawith in Johannesburg

TIGHT control of costs and an increase in non-interest income allowed First National Bank, South Africa's second largest bank, to achieve a healthy increase in earnings in the year to the end of September despite a deteriorating economic climate.

Earnings per share rose 20.2 per cent to R4.53. The dividend per share was 15.4 per cent higher at R1.50, achieved despite a hefty 62.1 per cent increase, to R294.3m ($117m), in provision for bad debts, taken off the bottom line.

The increase reflects concern about the worsening conditions its customers are experiencing, and a new system of categorising credits that has highlighted difficulties which would otherwise have surfaced later.

Net interest income rose by 15.4 per cent to R1.37bn. Other operating income rose by 19.6 per cent to R950.1m. Net income for the year was 20.2 per cent higher at R329.8m.

Non-interest expenses rose only 7.5 per cent, about half the inflation rate, to R1.52bn, due to a rationalisation drive undertaken by Mr Barry Swart, managing director, who took over in the first part of 1989. The number of workers has been reduced by about 1,500 over this period.

A slight decline in the group's assets, to R30.3bn from R30.6bn, has assisted in improving the bank's capital-to-assets ratio which rose from 4.8 per cent to 5.6 per cent. The assets figure reflects the group's cautious approach to credit extension. Advances were only 2.2 per cent higher at R23.2bn.

Canadian media groups see fall in earnings

By Bernard Simon in Toronto

LOWER advertising revenues, especially in Ontario, have severely dented the earnings of leading Canadian media groups, most of which are also steeling themselves for a tough year in 1991.

The country's three biggest media groups – Southam, Maclean Hunter and Torstar Corporation – all suffered reverses in the third quarter. Southam, the country's leading daily newspaper publisher, reported a C$2.8m (US$2.41m) loss, compared with earnings of C$11.5m a year ago. Advertising linage in the group's newspapers, which include 17 dailies, was down 4.5 per cent in the third quarter.

Other businesses, such as graphics and a leading bookstore chain, also fared poorly. Net income at Maclean Hunter, whose interests include newspapers, trade magazines, broadcasting and cable TV, almost halved to C$10.4m from C$19.2m. MH cautioned that depressed conditions were expected to continue through 1991.

Torstar's income slipped to C$45m from C$68m. Advertising linage for the group's flagship paper, the Toronto Star, slid by 15.3 per cent in the third quarter, due mainly to lower advertising volumes for careers and real estate. The company's profits from book publishing were down 3.2 per cent.

Fears depress News Corp and Adsteam stock

SHARES in News Corporation and Adelaide Steamship tumbled yesterday amid continuing investor concern about the companies' high debt-to-asset ratios, Reuter reports from Sydney.

News Corp fell 66 cents or 13 per cent from Wednesday's close to close at A$4.50 after touching A$4.25, their lowest since early 1986. Adsteam shed 22 cents or 17 per cent to close at A$1.06.

News Corp's shares have fallen from A$10.45 since late September due to investor concern about its debt of A$10.5bn, which compares with net assets of A$11.34bn.

Adsteam's price was A$6.60 earlier this year, and registered A$1.76 on Tuesday when Mr John Spalvins, managing director, announced in the company's annual report that he planned to reduce group debt and simplify the shareholder structure.

"News Corp has fallen worse than the rest of the market because of concern at its debt," said a dealer.

"Highly geared companies are being treated very harshly by the market," said another dealer. "There seems to be a willingness for some people to sell out of stocks almost regardless of price."

Japan banks cut forecast

FOUR OF Japan's largest banks yesterday announced sharp cuts in their forecasts for first-half earnings, citing higher domestic interest rates and losses on stock holdings, AP-DJ reports from Tokyo.

Dai-Ichi Kangyo Bank, Mitsui Taiyo Kobe Bank, Fuji Bank and Sanwa Bank joined Bank of Tokyo, which said on Tuesday that its earnings would be lower than expected in the first half, pointing to the same problems. The Nikkei average of Tokyo stocks lost around a quarter of its value during the first half of the fiscal year, which ended on September 30.

Banks' cost of funds – measured by rates on three-month certificates of deposit – has risen about 10 per cent. Facing competition from world bond markets, they have been unable to raise their lending rates to keep pace.

Michelin Tire to shed 600 jobs in major shake-up

MICHELIN Tire, the US unit of the world's largest tyre manufacturer, is to shed between 600 and 900 jobs as a result of restructuring, Reuter reports. The restructuring will include the establishment of a North American holding company.

It will operate with two business units. One will be responsible for manufacturing all Michelin lines and for selling heavy-duty tyres. The second will be responsible for original equipment sales of Michelin, Uniroyal and B.F. Goodrich passenger and light-truck tyres for all of North America.

NZ property group to be wound up

KUPE Group, the property developer, yesterday reported a NZ$86m (US$53m) loss for the year to August 31, and directors proposed the company be wound up, writes Terry Hall in Wellington.

They felt prospects for the New Zealand property market were poor, and proposed funds be returned to shareholders when property had been sold and litigation resolved. The report showed assets of NZ$174.7m. Shareholder funds totalled NZ$20.2m down from NZ$102.7m.

The loss, which compares with a previous profit of NZ$1.1m was due to a property asset writedown and an operating loss of NZ$7m.

Hard times fell Canada's forestry industry

Sagging demand and sliding prices are taking their toll, **Bernard Simon** reports

CANADA'S forest products industry can be added to the list of recent admissions to the international corporate casualty ward.

One pulp, paper and timber producer after another has reported either a third-quarter loss or a steep dive in earnings. Noranda Forest, Abitibi-Price and Canfor Corp are among those that were in the red. Noranda lost C$40m (US$34.4m), compared with a C$45m profit a year ago. MacMillan Bloedel's profit plummeted by 90 per cent to a meagre C$6.2m, while Fletcher Challenge Canada posted an 86 per cent slide to C$4m.

Several of the biggest companies, including Noranda Forest and Canadian Pacific Forest Products, have cut their dividends to conserve cash.

One consolation is that most of the industry leaders – such as Macblo, Fletcher Challenge and Abitibi-Price – are in a better position to weather a long downturn than they were in the early 1980s, when they were heavily burdened by debt. Macblo, for instance, has a debt-to-invested-capital ratio of 31.2 per cent. Noranda Forest, Repap and Doman Industries, on the other hand, are shouldering hefty debt loads. Noranda's debt service costs rose to C$169m in the first nine months from C$101m a year earlier.

The list of the industry's woes is a long one. It ranges from sagging demand for lumber and sliding pulp prices, to crippling strikes at several companies, high interest rates and the unremitting strength of the Canadian dollar. Tissue paper, directory papers and supercalender grades are among the few bright spots, while capacity lost by strikes has helped support the newsprint market.

There is not much hope of an early turnaround. An upturn in demand still appears to be some way off, while newsprint capacity will expand with a number of new machines due to come on-stream in 1991. Earnings will be further squeezed by heavy spending by several companies on environmental safeguards. Mr Ray Kilroy, forest products analyst at Nesbitt Thomson Deacon, in Toronto, predicted the industry's performance may be even worse in 1991.

Canfor acknowledged this week that the outlook "is not favourable", and Noranda expects another loss in the fourth quarter. Domtar said yesterday it may report an even bigger loss in the final quarter.

Especially worrying for the Canadian producers is a broad erosion of their market share by US competitors. The Canadians rely heavily on the superior quality of their pulp and paper, which come from older trees. But US companies enjoy a sizeable cost advantage, thanks partly to their greater use of non-union labour, often working 365 days a year.

"We could never dream of doing that in Canada," said Mr David Toole, senior vice-president at CP Forest, three of whose newsprint mills (with an annual capacity of 1.3m tonnes) are currently idled by strikes. Efforts by several companies to keep mills running on some public holidays and to introduce more flexible working practices are among the root causes of the recent labour unrest.

The Canadians are not in a strong position to garner a big share of the growing market for recycled newsprint. With most of their mills far away from the main sources of used newspapers, they face higher transport costs than many of their US competitors.

Pulp mills have also been losing market share. The Canadian mills, which produce high-quality northern softwood bleached kraft pulp, are currently working at about 70 per cent of capacity. Their shipments in August were 20 per cent lower than a year earlier.

On the other hand, US producers of the much cheaper (but less durable) southern softwood pulp are operating at full tilt. The Canadians have until recently tried to hold up pulp prices by trimming capacity. "It's a mug's game to play with the price," Mr Toole said. "You simply destroy margins to the benefit of the consumer."

Despite that argument, there are signs that competition from the south – which at one point widened the gap between southern and northern pulp to more than US$150 a tonne – is weakening the Canadian producers' resolve. The price for northern bleached pulp, which stood at US$840 a tonne at the beginning of this year, fell to US$800 in the third quarter. Contracts are now being concluded at even lower prices.

Undaunted by the experience in pulp, newsprint producers have given notice of a 5 per cent price increase effective from January 1. With demand for newsprint relatively stable, especially on the west coast, the producers hope they can repeat their success earlier this year in making a similar price hike stick. But even some within the industry acknowledge that the producers face an uphill battle.

"It's tough to be absolutely confident," said an official at Abitibi-Price, the biggest newsprint producer. Leading US newsprint companies threw their weight behind the Canadians last time, but have so far been conspicuous by their silence on another price increase.

CANADA'S LEADING FORESTRY COMPANIES
Nine months to September 30 (C$m)

	Sales 1990	Sales 1989	Net income 1990	Net income 1989
Abitibi-Price	2,345	2,457	(15.7)†	68.7
CP Forest Products	1,898	2,160	12.4	183.1
Canfor Corp	673	679	29.9†	82.5
Crestbrook Forest	170	202	11.6	26.5
Domtar	1,193	1,919	(31.0)†	60.0
Fletcher Challenge	836	1,100	56.7	99.5
Intl Forest Products	243	288	(6.4)†	15.8
MacMillan Bloedel	2,308	2,487	65.0	207.1
Noranda Forest	3,504	3,629	(38.0)†	162.0
Repap	921	869	12.2	66.4
West Fraser Timber	426	420	8.8†	23.4

Figures in brackets indicate loss; † = includes third-quarter loss

INTERNATIONAL COMPANIES AND FINANCE

North West Water buys three companies for £51m

By Ian Hamilton Fazey in Manchester

NORTH WEST Water, one of the 10 UK water companies privatised last year, yesterday launched itself into the world water processing and waste treatment market via three acquisitions totalling about £51m ($96.94m).

The company bought Envirex of the US from Banner Industries for $75m (£38.6m) and is buying Jones Environmental of Ireland and Water Engineering of the UK and Hong Kong from the Ireland-based Jones Group for I£13.8m ($24.3m).

North West Water intends to market high technology processing equipment globally. It will operate in purification of drinking water and waste management. The latter includes treatment of sewage and industrial effluents.

Envirex, which employs 650 people, is based in Milwaukee, with two other factories in Indiana and Iowa. It claims North American leadership in the design and manufacture of equipment such as filters, reactors, and separators.

Although US municipal authorities are its main customers, sales to industry have also grown as anti-pollution legislation has toughened. Annual turnover at the end of June was $100m, with operating profits of $10.6m.

Water Engineering, which employs 150 people near Banbury and in Hong Kong, specialises in fine bubble aeration, while Jones Environmental, with 50 staff spread between Dublin and Kilkenny, specialises in anaerobic digestion.

Their combined sales were I£14.6m in 1989, but profits were only I£500,000. The need for a better performance explains why payment of I£3m of the purchase price has been deferred, payable eventually in I£1m instalments.

Both were already suppliers to North West Water. Since they make complementary products to those of Envirex, North West Water is expecting a marketing edge over French and Japanese competitors as a result of synergy.

Mr Bob Thian, North West Water's chief executive, said: "We have taken a major step towards becoming an international company serving a growing international market."

Envirex has been for sale for two years because it no longer fitted Banner Industries' core strategy.

Heineken seeks Vietnam deal

HEINEKEN of the Netherlands may soon be refreshing the parts other breweries cannot reach if talks on expanding into Vietnam are successful, writes Ronald van de Krol

Heineken said yesterday it was investigating either buying a stake in an existing Vietnamese brewery or building one. It is discussing various possibilities with several potential partners, including a local government body in the vicinity of Ho Chi Minh City.

The Dutch company declined to give further details of the talks, saying they were still at an early stage. Heineken, which has exported beer to Vietnam for more than 10 years, says it is well acquainted with the country's beer market.

The market has grown by an average of 12 per cent per year over the past few years, despite a serious shortage of beer-brewing capacity in Vietnam, the spokeswoman said.

At the moment, beer consumption in Vietnam is a neglible two litres per person per year, which compares with annual per-capita consumption of 87 litres on Heineken's home market in the Netherlands.

Heineken, the world's third largest brewery group, already owns stakes in breweries in Shanghai, Singapore, Malaysia, Papua New Guinea, New Zealand, Indonesia and New Caledonia.

COMPANY NEWS IN BRIEF

PHILIPS, the struggling Dutch electronics group, said talks with Nedlloyd, the Dutch transport group, about the sale of Philips' transport activities had been called off, Reuter reports.

"Our strategy is still to sell it off to a larger network," Philips said. "We have no talks with anyone else at the moment." The Philips' transport activities were not big enough to distribute products in the European single market.

■ Navigation Mixte, the French diversified holding company, has reported first-half net attributable profit of FFr2.31bn ($440m), up from FFr473m a year ago. Consolidated turnover fell to FFr8.78bn from FFr10.3bn.

However, Mixte said 1990 and 1989 first-half profits are not comparable because of a change in accounting methods following the sale of a majority stake of Mixte's insurance interests to Allianz, the German insurer, in early 1990.

■ Oerlikon-Bührle Holding, a diversified Swiss arms, industrial and consumer products group, said consolidated group sales in the first nine months of 1990 rose 9 per cent to SFr3.2bn ($2.44bn) compared with the same period a year ago, AP-DJ reports.

The company said a slowdown in economic activity in some markets in recent months, combined with delivery cancellations in the military division, would mean group sales for the whole of 1990 would likely only match the SFr4.7bn in sales in 1989.

■ A. G. Petzetakis, Greece's leading manufacturer of plastic pipelines, yesterday announced a joint venture with FMC of Italy to produce fibre optic and other special cables, writes Kerin Hope in Athens.

US group bids £47m for UK engineer

By Clare Pearson in London

INTERNATIONAL Marine, a privately-owned US marine equipment company, yesterday ended long-running speculation about Benjamin Priest, the UK engineering company based in the West Midlands, when it unveiled a £47.3m ($91.7m) takeover offer aimed at breaking up the group.

Priest immediately rejected the 112p per share bid as "wholly inadequate". The shares rose 21p to 111p.

Speculation has swirled around Priest, which suffered a profits fall last year, ever since May when Henry Ansbacher, financial adviser to International Marine, revealed that it was involved in talks on a possible bid.

Internatinal Marine is believed to have decided recently to bid for the whole of Priest after attempts to line up a buyer for Priest's non-Lewmar interests had failed.

Discussions with Prospect Industries, the small Midlands engineering group spun off from Tace, the environmental monitoring company, last December, ended within the last week.

Connecticut-based International Marine is a smaller rival of Lewmar, a dominant force in high specification equipment for racing yachts but dogged by problems since its acquisition by Priest for £35m in August 1987.

International Marine's bid is to be financed by means of an issue of convertible loan stock to one of its biggest shareholders, which is to be named in the offer document. It is believed to be Bedexplex, an investment company which is part of Ferruzzi, the diversified Italian-based group.

Priest, where the non-marine interests include drop forgings, spring pins and steel pressings, suffered a 3 per cent fall in pre-tax profits from £8.19m to £7.92m on sales of £108m (£101m). Within this, the specialised components division achieved an advance. But at operating level Lewmar, hit by a downturn in the US market for its standardised winches, reached £2.7m (£3.12m).

Insurance against hard times ahead

John Burton looks at phase two of Sweden's banking revolution

Swedish banking is going through the second stage of a financial revolution. Last year the four main commercial banks completed their takeover of the leading regional banks. Now the national banks are joining with the country's insurance companies to create even bigger financial powerhouses and pave the way for expansion across Europe.

The latest restructuring was triggered by a recent finance ministry proposal that would abolish the ownership barriers between banks and insurance companies, following developments in the EC.

Although the proposal is not expected to take effect until July 1 at the earliest – and there could still be political debate about the increased concentration of power in Sweden's capital markets – the banks and insurance companies are already jockeying for position.

Alan Harper

Curt Olsson: "We work, in many cases, in the same market"

In one of the most remarkable moves, SPP, the white-collar workers' pension insurance fund, made a SKr4.6bn ($868m) bid for 44 per cent voting control of Gota, the parent of Sweden's fourth biggest commercial bank, even before the finance ministry proposal was tabled in late September.

SPP's aggressive move then prompted Skandinaviska Enskilda Banken, Sweden's largest bank, to make an unexpected grab for Skandia, the country's largest private insurance company. It became its main shareholder with 28 per cent voting control in a SKr4.7bn deal.

Other more limited links between the bank and insurance sectors are being forged. Svenska Handelsbanken, Sweden's second largest bank, started an unit-link insurance firm with the RKA insurance group. Third-ranking Nordbanken established its own life insurance company Livia, while the savings bank federation manages pension and unit-link insurance activities with Folksam, the co-operative insurance company.

The creation of other new bank/insurance constellations are expected, with Trygg-Hansa and Wasa, respectively the second and third largest private insurance companies in Sweden, still lacking a bank connection. The consolidation is occuring as the banks and insurance companies search for new ways to boost their sluggish profit growth and defend themselves against the threat of foreign competition, which could intensify if Sweden enters the EC.

Swedish banks are traditionally small by European standards. Their co-operation with insurance companies would give the banks access to a larger capital base, "although they will still not be large in an international perspective", says Mr Anders Sahlen, director of Sweden's Bank Inspection Board.

The combined assets of SPP and Gotabanken were SKr275bn at the end of 1989, while that for S-E Banken and Skandia amounted to SKr600bn, roughly doubling the bank's assets in both cases. The increased financial resources would give Swedish banks and insurance firms more opportunity to protect their markets against outsiders as Sweden dismantles restrictions on financial operations by foreigners.

Moreover, the banks and insurance companies are huddling together to reduce the possibility of foreign takeovers following Sweden's recent abolition of ownership restrictions. The change allows foreigners to take 20 per cent voting control and 40 per cent equity in the country's financial institutions.

The fear that Skandia would fall into foreign hands was behind S-E Banken's sudden bid.

Both the banks and insurance companies believe co-operation would increase business and improve profitability because of expanded product ranges. Profit growth for the banks is modest compared to the halcyon days of the late 1980s, when they reaped large earnings in the first flush of financial deregulation.

Today, the banks face mounting credit losses, which could reach SKr5bn this year, as interest rates rise and the economy deteriorates. Insurance companies have seen their profits fall sharply this year due to the declining value of their stock and bond portfolios.

"There are significant synergy effects between banks and insurers. We work, in many cases, in the same market," says Mr Curt Olsson, chairman of S-E Banken. "An insurer, for example, that has access to a bank's customer register can increase its sales considerably."

This was the prime reason for the bid for Gota by SPP, Scandinavia's largest insurance company. SPP was searching for an domestic distribution network to sell pension schemes after the abolition last year of its monopoly on managing pensions for all white-collar workers in the private sector. SPP also gained control of the Gota-affiliated stock brokerage firm Hagglof & Ponsbach, a sector other insurance companies also want to enter.

The possibility of capturing a slice of the growing European market for pension and life insurance policies, however was behind S-E Banken's bid for Skandia. Demand for private pension schemes is increasing as the continent's population ages and confidence in the state and collective plans weakens.

Co-operation between S-E Banken and Skandia would not only strengthen their position in the Nordic region, but provide the platform for expansion in Europe. Scepticism persists, however, that the links between banks and insurance companies will not deliver the promised benefits. SPP may find, for example, that the minority shareholders in Gota, which include S-E Banken and other insurers, could block its attempt to use the bank as an exclusive entrée into the private insurance market.

Skandia has already warned that it will do precisely this. More doubts have been raised about S-E Banken's relationship with Skandia. Although the Skandia deal was considered a coup for S-E Banken, which suffered from lacklustre management until recently, analysts question whether its hefty purchase price, at 60 per cent above the Skandia share price, is too high. Although S-E Banken denies it, the suspicion remains that the bid by the bank, which is affiliated with Sweden's powerful Wallenberg financial dynasty, to buy their interest in Skandia was designed to ease a financial squeeze on the family.

Mr Björn Wolrath, Skandia president, believes that S-E Banken must seek a full merger with Skandia through a holding company to justify the cost of the acquisition. He says the two must concentrate on overseas expansion, since not enough money would be saved in Sweden from a merger.

The deal places added pressure on S-E Banken, which is already seeing its increase in costs outpace income. S-E Banken could also find that a partnership with Skandia, known for being independent-minded, could prove difficult.

Meanwhile, other banks are taking a wait-and-see attitude about linking up with insurance companies.

INTERNATIONAL CAPITAL MARKETS

Corporate bonds hit by UK downturn

By Simon London

THE REACTION in the UK government bond market to this week's deeply gloomy CBI survey of British industry was positive, with prices rising in anticipation of lower inflation and further interest rate cuts to avoid a deepening recession.

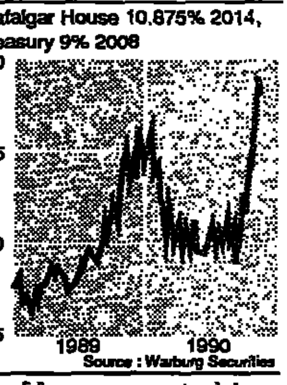
In the corporate bond market, however, all was far from well as investor thinking focused on the physical implications of a potential industrial slump and concern over the quality of corporate credit intensified.

Sterling bonds issued by UK companies have performed badly over the past quarter, with yield spreads over comparable government bonds widening significantly. On this measure the poorest performing bond issue of the past quarter is Standard Chartered's 12¾ per cent bond maturing 2002/2007, which now stands at an astonishing 668 basis point spread over gilts.

Other poor performers include issues from Midland Bank, P&O, Granada and Trafalgar House, where spreads have widened by more than 50 basis points in the past three months to between 250 and 300 basis points. No surprise that the biggest rise in yields have been in sectors out of favour; property, leisure and banking.

Yield spread

Trafalgar House 10.875% 2014, Treasury 9% 2008



Source: Warburg Securities

However, the market is also increasingly looking at the structure of debt issues and differentiating more between senior and subordinated issues.

"Investors are focusing on priority borrowings and subsidiary debts, which often rank above the claims of bondholders," said Mr Frank Kennedy, bond market analyst at S.G. Warburg.

Some bonds are issued by a holding company which itself does not own the tangible assets of the group, merely shares in operating subsidiaries. The poorly performing sterling bonds from P&O, Granada and Trafalgar House are structured in this way.

Deepening economic gloom has also hit sterling convertible bond prices, many of which were already offering exceptionally high yields. Convertible bonds now yielding over 20 per cent include Burton (21.37 per cent), Cookson group (24.04), Next (53.98), Saatchi & Saatchi (74.89).

Other than the problems of specific companies, the sterling market in general has been unnerved by the wave of bond defaults in the US.

According to figures from rating agency Standard & Poor's, US corporations defaulted on $11.1bn of public debt in the first nine months of this year. This exceeds even the previous highest full-year total, $9.5bn in 1987, which included the $7bn default by Texaco.

The mainstream UK long-dated corporate bond market has yet to suffer defaults on this scale, other than the failure of British & Commonwealth earlier this year. However, the rapid demise of Polly Peck with total debts exceeding £1bn was too close for comfort.

Moreover, the wave of corporate failures has hit confidence in the banking sector. Thus the massive yield on Standard Chartered's sterling bonds reflects exposure to Polly Peck. However, even bonds from triple-A rated banks are yielding more, increasing the cost of new funds.

On Friday, Barclays issued a 12¾ per cent senior subordinated issue giving it swapped funding at around 25 basis points over the London inter bank offered rate. In 1988 similar subordinated issues cost Barclays around Libor flat.

In the banking sector, the increased cost of subordinated sterling funds also reflects an expectation of heavy supply, following a two-year lull in new issuance. The Barclay's issue counts as Tier II capital under international capital adequacy guidelines. Other UK, European and Japanese banks in need of capital could soon follow suit.

Elsewhere, prospects for new issuance remain subdued. There are few UK corporate borrowers immune from fears about deteriorating credit quality. There are few overseas borrowers queueing to borrow in sterling at current levels, while interest rates are expected to fall.

German bonds rally despite rate hike by Bundesbank

By Simon London in London, Karen Zagor in New York and John Burton in Stockholm

GERMAN government bonds rallied yesterday as the Bundesbank moved to tighten monetary policy by raising the Lombard rate by 50 basis points to 8.5 per cent.

The benchmark 8½ per cent 10-year bund closed on a yield of 8.96 per cent, after opening at 8.98 per cent.

The December bund futures contract initially fell by 25 pfennigs on the announcement, hitting a low of 81.77, before rallying to close at 82.08. The Bundesbank portrayed the Lombard rate rise as restoring a coherent set of financial instruments, not designed to precipitate a general rise in money market rates.

Money market rates have recently been above the "ceiling" Lombard rate, which is meant to be an emergency funding rate for financial institutions.

The Bundesbank underlined this message by committing itself to an 8 per cent rate in next week's money market repurchase operations, through which money market liquidity is regulated.

However, most analysts expect repurchase rates to rise by about 20 basis points in coming weeks. Analysts will also be watching next week's repurchase operations for signs that the Bundesbank is restricting liquidity in the market to squeeze rates up further. Anything less than DM20bn of new supply in the "repo" will be taken as a sign of a further tightening.

Thus despite Bundesbank disclaimers, yesterday's Lombard rate rise is seen as restoring the credibility of the monetary authorities in the face of political pressures. By tightening before the first pan-German elections of December 2, the bank has underlined its anti-inflationary credentials.

The fact that this rate hike follows yesterday's 25 basis point rate cut in France also suggests close co-ordination of monetary policy among the core EMS states.

■ UK government bonds gave up the gains of the last two days following the tightening of German monetary policy and a statement from UK monetary authorities which ruled out an early cut in interest rates.

The benchmark 11¾ per cent gilt, maturing 2003/2007, closed down ⅛ on the day at 102¼ for a yield of 11.41 per cent.

On the futures market, the December gilt contract opened at 84.24 but swung as low as 84.00 during the morning before recovering to close at 84.10. Volume was a healthy 20,000 contracts.

The German rate hike is seen as dashing hopes of a further 1 per cent cut in UK interest rates. Expectations of an imminent cut forced the Treasury to issue a cautionary statement earlier in the day.

■ IN NEW YORK, the Treasury's benchmark 30-year bond was ⅛ higher at 100⅞ at mid-session, yielding 8.69 per cent. Gains were less pronounced at the short end of the yield curve, where the two-year note was ⅛ higher, yielding 7.66 per cent.

The Federal Reserve entered the open market to arrange $2bn in customer repurchase agreements when Fed funds were trading at 7⅞ per cent. The adding operation was widely expected, given the firmness of the funds. It is believed the Fed slashed its target for the funds on Monday to 7¾ per cent from 8 per cent.

The morning rally was spurred by a surprising jump in weekly unemployment claims.

In addition, the purchasing manager's index for October fell to 43.4 from 44.4 in September. A reading below 44 is consistent with declining GNP, says the National Association of Purchasing Management.

Although most analysts do not expect the Federal Reserve to change its course at the Federal Open Market Committee meeting on November 13, the bond market is hopeful that continuing evidence of economic softness will prompt a further easing of monetary policy before long.

■ JAPANESE government bonds traded lower in Tokyo as the dollar gained strength against the yen, breaching the psychologically important Y130 level.

The benchmark No 119 issue closed on a yield of 7.85 per cent, against 7.79 per cent on Wednesday. In London last night, the dollar was trading at Y130.50.

■ Rates for both short and long-term Swedish bonds tumbled yesterday as the central bank reduced its lending rate by a percentage point for the second time this week to 15 per cent.

The rate for six-month Treasury bills fell by 24 basis points to 14.81 per cent, while the rate on five-year government bonds dropped by 8 basis points to 13.61 per cent. Traders expect rates to fall further, with the central bank implementing another cut in marker rates next week as fears about a krona devaluation recede.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-04	-07/32	11.59	11.79	12.62
		9.000	03/00	96-23	-17/32	11.33	11.42	11.75
		9.000	10/08	84-26	-18/32	10.94	10.95	11.11
US TREASURY *		8.750	08/00	101-06	+14/32	8.56	8.62	8.70
		8.750	08/20	100-17	+29/32	8.70	8.76	8.83
JAPAN	No 119	4.800	06/99	84.3430	-0.149	7.84	7.74	8.24
	No 129	6.400	03/00	93.8890	-0.154	7.51	7.47	7.82
GERMANY		8.500	08/00	98.9000	-	8.98	8.96	9.00
FRANCE	BTAN	9.000	11/95	95.6760	+0.077	10.13	10.12	10.31
	OAT	8.500	03/00	89.8800	+0.120	10.20	10.21	10.47
CANADA *		10.500	07/00	97.1000	+0.550	10.99	11.17	11.04
NETHERLANDS		9.000	10/00	98.9400	+0.000	9.17	9.17	9.23
AUSTRALIA		13.000	07/00	98.0216	-0.052	13.36	13.34	13.50

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on November 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99¾	100¼	+⅛	8.89
ALBERTA PROVINCE 9 3/8 95	600	101¼	101⅝	+⅛	9.05
AUSTRIA 8 1/2 00	400	94	94½	+¼	9.49
BANK OF TOKYO 8 3/8 96	100	95⅝	96⅛	+¼	9.42
BELGIUM 9 1/8 92	400	101	101½		8.50
BFCE 7 3/4 97	150	93¼	93⅝	+⅛	9.18
BNP 8 5/8 94	300	98¾	99⅛	+¼	9.01
BP CAPITAL 9 5/8 93	150	101⅞	102⅜		8.88
CANADA 9 96	1000	100¼	101	+¼	8.80
CARCO 9 1/4 96	650	97	97⅝		9.94
CCCE 9 1/4 95	300	101⅜	101⅞	+¼	8.83
COUNCIL EUROPE 8 96	100	95½	95⅞	+⅛	9.02
CREDIT FONCIER 9 1/2 99	300	100¼	100½	+⅛	9.44
DENMARK 0 98	250	49½	50⅛	−⅛	9.48
DENMARK 8 1/4 94	150	98	98¼	+¼	8.88
ECSC 8 1/4 96	193	95⅞	96¼	+¼	9.16
EEC 7 1/4 93	250	97⅛	97¼	+⅛	8.50
EIB 7 3/4 96	250	94½	94⅞	+¼	9.01
EIB 10 97	250	103⅝	104	+⅛	9.21
ELEC DE FRANCE 9 98	200	99⅜	99¾	+¼	9.10
EUROFIMA 9 1/4 96	100	100⅝	101	+½	9.14
EXPORT DEV CORP 9 1/2 98	150	100⅞	101¼	+⅛	9.34
FINLAND 7 7/8 97	200	93⅞	94¼	+1⅛	9.22
FINNISH EXPORT 9 3/8 95	200	101	101½		9.12
FORD MOTOR CREDIT 9 1/2 93	300	100¼	100⅝		9.40
GEN ELEC CAPITAL 9 3/8 96	300	100¼	100⅜		9.29
GMAC 9 1/8 96	200	97⅛	97⅝	−⅛	9.81
HALIFAX 9 1/2 93	200	101⅛	101⅜	+⅛	8.96
IBM WORLD TRADE 7 5/8 93	150	96¼	96⅜	+⅛	9.13
IND BK JAPAN FIN 7 7/8 97	200	92¼	92⅝	+⅛	9.52
INTER AMER DEV 7 5/8 96	200	93⅛	93½	+¼	9.19
ITALY 8 1/2 94	1500	99⅛	99⅜	+¼	8.77
JAPAN DEV BK 8 94	150	97⅝	98	+¼	8.78
KANSAI ELEC PWR 10 96	350	102⅜	102⅞	+⅜	9.39
LTCB 8 5/8 93	150	99¼	99¾	+¼	8.95
NEW ZEALAND 8 93	100	98	98½		8.85
NIPPON CRED BK 9 3/4 93	150	101¼	102⅛	+¼	9.04
NIPPON TEL & TEL 9 3/8 95	200	101¼	101½	+¼	8.99
NORDIC INV BANK 9 93	200	100⅝	101		8.69
OLYMPIA & YORK 8 1/4 96	435	79⅞	81⅞	−1¼	13.53
ONTARIO HYDRO 11 5/8 94	200	106¼	108¼	−⅛	9.11
OSTER KONTROLLBANK 8 1/8 93	200	99¼	99½	+⅛	8.51
PRUDENTIAL RLTY SECS 0 99	365.216	45⅝	46⅛	−⅛	10.04
QUEBEC HYDRO 9 3/4 98	150	100½	100⅞	+⅛	9.65
QUEBEC PROV 9 98	200	97¼	97¾	+¼	9.51
SAINSBURY 9 1/8 96	150	98⅞	99¼	+¼	9.37
SAS 10 99	200	100⅞	101⅜	+1⅛	9.82
SBAB 9 1/2 95	500	101½	101¾	+¼	9.06
STATE BK STH AUST 9 1/4 93	100	100¼	101½	+⅛	8.83
SUMITOMO BK CAP MKT 9 3/8 93	150	101	101⅜	+⅛	8.98
SWEDEN 8 1/8 94	150	98	98¼	+1	8.76
SWEDISH EXPORT 9 5/8 93	100	102¼	102½	+⅛	8.53
TOKYO METROPOLIS 8 1/4 96	200	96	96⅜	+¼	9.14
WORLD BANK 8 3/8 99	1500	95¼	95⅜	+⅛	9.37
WORLD BANK 8 3/4 97	1500	99	99¼	+¼	9.16
XEROX CORPN 8 3/8 96	100	92¼	94¼		10.18

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96⅜	96⅝	+⅛	9.06
AUSTRIA 6 98	400	83½	83¾	−⅛	9.18
CNT 6 1/8 98	200	83⅜	83⅞	+⅜	9.15
CREDIT FONCIER 6 3/4 99	500	86	86	+⅜	9.20
DEUTSCHE BK FIN 5 5/8 96	750	86¼	86⅛	+⅛	8.87
EEC 5 3/8 93	300	93¼	93¼	+¼	8.91
EIB 6 1/8 96	300	87¼	87¼	+⅝	9.09
EIB 6 7/8 95	300	91⅛	91⅛	+¼	9.01
EUROFIMA 6 1/4 98	400	85¾	85¾		8.87
FELDMUEHLE FINANCE 8 99	200	91¼	91¼	+⅛	9.37
FERRO DEL STAT 5 3/8 93	500	93	93	+¼	8.99
IND BK JAPAN FIN 5 5/8 96	200	84¼	84⅛	+¼	9.42
INTER AMER DEV 7 1/4 99	300	88¼	88⅜	−¼	9.18
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82⅛		9.26
QUEBEC HYDRO 6 3/4 99	300	85½	85¾		9.30
SWEDEN 6 1/8 98	300	84½	84½		9.09
WORLD BANK 0 15	2000	13½	13⅝		8.29
WORLD BANK 5 3/4 96	300	86¼	86⅛	+⅛	9.08
WORLD BANK 7 1/8 95	500	93¼	93¼	+¼	8.96

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AIR CANADA 6 1/4 PERP	300	54	55	−1	11.56
ASIAN DEV BANK 6 10	100	81¼	82	+¼	7.89
AUSTRIA 4 5/8 98	100	86¼	87		7.10
COUNCIL EUROPE 4 3/4 98	250	85½	86	+½	7.39
EEC 5 1/2 00	100	86	87		7.53
EIB 5 3/4 93	100	97½	98½	−½	6.70
FINLAND 5 3/8 95	150	93½	94½	−½	6.96
GENERAL MOTORS 7 1/2 95	100	101¼	102¼	−¼	7.15
JAPAN DEV BK 5 1/2 94	100	95½	96½		7.07
MOUNT ISA FINANCE 5 3/4 94	100	79½	80½	+½	13.39
NEW ZEALAND 4 7/8 99	200	82	82½		7.92
QUEBEC HYDRO 5 08	100	75½	76½		7.58
SKANDINAVISKA ENSK 6 1/2 95	100	97½		−1½	7.20
WORLD BANK 5 03	150	81	82		7.34
WORLD BANK 7 1/4 92	100	101	101½	+½	6.58

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92	92¼	+⅛	7.64
CANADA 4 3/8 92	80000	95	95¼	+⅛	7.69
CREDIT FONCIER 5 1/4 94	20000	91¼	91⅜	+¼	7.80
DENMARK 7 95	40000	97⅞	98¼		7.59
EIB 4 5/8 94	40000	91⅛	91⅜	+⅛	7.58
GENERAL ELECTRIC 5 3/4 93	35000	95⅛	95⅜		8.02
INTER AMER DEV 7 1/4 00	30000	98½	98¾		7.47
ITALY 5 3/4 92	150000	97⅝	97⅞	+¼	7.71
KANSAI ELEC PWR 4 5/8 94	60000	90¼	91		7.73
NIPPON TEL & TEL 5 7/8 96	50000	92¼	92½	+⅛	7.55
NORWAY 5 1/8 95	50000	91	91¼	+¼	7.58
SWEDEN 5 5/8 95	20000	91⅞	92⅛	+¼	7.67
WORLD BANK 6 3/4 00	50000	95¼	95½	+⅛	7.46

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AMRO BANK 6 1/4 92 Fl	150	94½	95⅛		9.72
RABOBANK 5 3/4 93 Fl	150	92¼	93		9.58
ALBERTA PROVINCE 10 92 C$	500	97¼	97½	+⅛	11.79
BCE INC 9 5/8 93 C$	300	94¼	95¼	+⅛	12.12
BELL CANADA 10 5/8 99 C$	150	92½	93	+⅛	12.04
BRITISH COLUMBIA 9 1/4 93 C$	150	94⅝	95⅛	+¼	11.96
EIB 10 1/8 98 C$	130	93⅜	93⅞	+⅛	11.48
FORD CREDIT CANADA 10 94 C$	100	92	92½	+⅛	12.76
GENERAL ELECT CAP 10 1/4 93 C$	175	96¼	96⅜	+¼	11.88
MONTREAL TRUSTCO 8 1/2 92 C$	100	94	94(3/4+	(3/8)	13.02
ONTARIO HYDRO 10 7/8 99 C$	500	93⅞	94¼	+½	12.04
QUEBEC PROV 10 1/2 98 C$	200	91¼	91⅝	+½	12.26
ROYAL TRUSTCO 10 1/4 93 C$	100	94¾	95¼	+¼	12.70
SWEDEN 9 3/4 93 C$	250	95¾	96¼	+¼	11.74
AUSTRIA 7 3/8 93 Ecu	125	94⅞	94⅞	+1⅜	10.07
CNT 7 3/8 93 Ecu	250	91¼	91¾	−⅛	11.33
DENMARK 7 5/8 96 Ecu	250	88	88½	+⅛	10.60
EEC 7 5/8 94 Ecu	200	92½	93		10.38
EIB 10 97 Ecu	1125	98⅝	99	+⅛	10.26
ITALY 10 3/4 00 Ecu	1000	102	102¼	+¼	10.39
SWEDEN 7 1/2 93 Ecu	250	90¼	90⅝	−1⅛	11.47
BMW FINANCE 14 1/2 92 A$	100	101¼	101⅞	+⅛	13.43
COUNCIL EUROPE 13 93 A$	50	100½	101	+⅜	12.65
EKSPORTFINANS 12 3/8 95 A$	75	99¾	100¼	+⅜	12.40
FORD CRED AUST 13 93 A$	50	98¾	99¼	+⅛	13.55
ICI 15 1/2 92 A$	100	102¼	102⅝	+⅛	13.74
MCDONALDS CANADA 15 95 A$	100	104⅛	104⅞	+½	13.61
NAT AUSTRALIA BANK 14 3/4 94 A$	150	103¼	103⅝	+½	13.39
STATE BK NSW 14 1/4 99 A$	100	102¼	102⅝	+⅛	13.76
VOLKSWAGEN INTL 15 94 A$	100	104⅜	104⅞	+⅜	13.26
ABBEY NATL TREAS 13 3/8 95 £	100	102⅜	102⅞	−⅜	12.58
BARCLAYS JERSEY 9 1/2 93 £	250	93⅞	94½	−⅛	12.61
BRITISH GAS 12 3/4 95 £	150	102⅜	102⅞	−⅛	11.96
DEUTSCHE BK FIN 11 94 £	225	96¾	97¼	−⅛	12.24
EIB 10 97 £	300	90½	90⅞	−⅛	12.23
FORD CREDIT FUNDING 9 5/8 93 £	50	93	93½	−⅛	13.07
INTER AMER DEV 11 3/8 95 £	75	97¾	98¼	−½	12.00
ITALY 10 1/2 14 £	400	86¼	86⅜	−⅜	12.31
LAND SECS 9 1/2 07 £	200	73⅞	74¼	−½	13.50
LEEDS PERMANENT 9 1/4 93 £	50	92¼	93¼	−½	12.85
NORWAY 10 1/2 94 £	200	95⅝	96	−¼	12.14
ROLLS-ROYCE 9 5/8 93 £	150	92¾	93¼	−½	12.95
SAINSBURY 10 7/8 93 £	100	96¼	96¾	−½	12.90
SKANDINAVISKA ENSK 13 1/8 95 £	100	101¾	102¼	+¼	12.52
WORLD BANK 11 1/4 95 £	100	98¼	98¾	+¼	11.72
ABBEY NATIONAL 0 96 NZ$	100	45¼	46¾		14.32
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	99¾	100¼		13.42

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.87	100.02	13.9375
ALBERTA PROVINCE 1/32 93	500	99.91	100.01	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.64	99.69	13.9550
BANCO ROMA 0.03 01	200	93.25	94.19	8.4675
BANCO SANTO SPIRITO 93	200	99.42	99.52	8.4375
BELGIUM 1/16 97 DM	500	99.95	100.05	8.8125
BFCE −0.02 96	350	99.69	99.79	8.4175
BNP 05	300	97.88	98.08	8.0000
BRITANNIA 1/10 96 £	150	99.55	99.60	13.9750
CITICORP 1/4 98	500	83.50	86.00	8.3125
CITIZENS FED 0.15 96	100	99.25	99.69	8.2125
COMMERZBK O/S FIN 93	200	99.53	99.63	7.9375
DENMARK −1/8 96	1000	98.88	98.98	8.0000
FERRO DEL STAT 94	200	100.15	100.25	8.2500
HALIFAX 1/10 94 £	200	99.74	99.79	15.1000
MITSUI FIN ASIA 1/8 96	100	99.70	99.80	8.1875
MORGAN (JP) 1/4 97	250	98.56	99.31	8.5000
NAT WEST FIN 3/16 05	400	94.75	95.69	8.3125
NEW ZEALAND 93	500	99.32	99.42	8.0625
NORTHEAST SAVINGS 1/10 96	150	99.50	100.00	8.1625
QUEBEC PROV 01	300	97.03	97.16	8.1250
RENFE 98	500	99.29	99.39	8.5000
SOCIETE GENERALE 96	300	98.51	98.61	8.0000
UNITED KINGDOM −1/8 96	4000	99.94	99.97	8.2500
WELLS FARGO 1/16 94	150	96.00	97.00	8.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	103½	104½	+26.17
ASDA-MFI 4 3/4 02 £	100	1.64	109¼	110½	+44.49
BURTON GROUP 4 3/4 01 £	110	3.15	100	101¼	
EASTMAN KODAK 6 3/8 01	300	50.67	92	93¼	+17.27
GOLD KALGOORLIE 7 1/2 00	65	1.0554	70½	71½	+26.66
GOODYEAR TIRE 6 7/8 03	150	80¼	57⅞	59⅞	
GRACE (WR) 6 1/4 02	150	42¼	73¾	74¼	+55.52
GRAND MET 6 1/4 02 £	100	6.58	89¼	91	+5.27
HAWLEY 6 02 PREF	400	1.91	92	94	+28.23
HILLSDOWN 4 1/2 02 £	150	4.16	102½	103¼	+62.75
INTL PAPER 5 3/4 02	200	68½	82¼	83¼	+20.98
LAND SECS 6 3/4 02 £	84	6.72	83⅝	84½	+11.17
MITSUBISHI BK 1 3/4 02	300	2727.1	74	75½	−5.50
OGDEN 6 02	85	39.077	70⅞	71⅝	+60.59
PACIFIC DUNLOP 6 3/4 97	75	3.749	97	98	+2.49
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	76¾	77⅞	
THORN EMI 5 3/4 04 £	103	7.45	100¼	101¼	+22.44

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

MBNA America Bank in asset-backed loan debut

By Tracy Corrigan

DESPITE the poor performance of asset-backed bonds during the last month or so, Merrill Lynch announced a debut global offering of credit card-backed bonds for MBNA America Bank. The deal, MBNA America Bank 1990-B, was priced after London's close at an indicated spread of 110 basis points above the when-issued yield on the three-year Treasury, due to be auctioned next week. This is about five basis points more than Citicorp's outstanding three-year asset-backed global bonds.

Although it is structured as a global offering – to trade in the US, Europe, and Japan – several bankers said that European participation in the MBNA transaction is likely to be limited. The pass-through structure of the deal (which means that coupons are paid monthly, and redemption is spread over the last year of the issue's life) is typical of the US market, but is unfamiliar to European investors. Dealers said that a certain section of European investors already buy US deals of this sort, known as collateralised mortgage obligations, and suggested that European participation will be no greater than for those US issues. However, demand for the paper in the US was said to be very firm.

Japanese as well as European investors have become disillusioned by US credit card-backed bonds recently, partly because of concern that new issue volume was growing too fast, and also because of credit worries in the face of an impending US recession. Spreads of credit card-backed Eurobonds widened as much as 40 basis points in the last month or so, but have regained about 10 basis points during the last ten days, apparently finding a support level.

In the Euroyen sector, another short-dated offering was squeezed through a shrinking swaps window.

British Gas International Finance launched a Y20bn deal via Daiwa Europe, the fifth offering of 8 per cent two-year bonds to emerge in the sector during the last few weeks. That corner of the market is beginning to look rather overloaded by the Y135bn of new debt, but the British Gas name may find favour among UK fund managers who did not buy the other deals, traders said. On the other hand, the smaller size of the issue may deter some investors, because of lack of liquidity.

The proceeds of the issue were swapped into fixed-rate dollars, to meet future cash flow expectations, according to Mr Arthur Burgess, group treasurer of British Gas. Exploration and production costs tend to be dollar-based, and the company also likes to have some dollar funds in hand for potential acquisitions.

British Gas is shortly to launch a US commercial paper programme.

In the dollar sector, Mitsubishi Finance International brought a $77m four-year deal, which was pre-placed with Far Eastern investors.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsubishi Fin.Int.(a)◆	77	9⅛	101⅝	1994	1⅝/1⅛	Mitsubishi Fin.Int.
SWISS FRANCS						
Horipro Inc.(b)★★§	50	6	100	1995	-	Nomura Bk (Switz)
YEN						
Mitsui Real Est.(c)★★†◆	30bn	(c)	101½	1994	1⅝/1⅛	Daiwa Europe
British Gas Int.Fin.(a)◆	20bn	8	101.025	1992	1⅛/¾	Daiwa Europe

★★Private placement. §Convertible. ‡With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Put option 31/3/93 at 108¼% to yield 9.225%. Coupon payable semi-annually. c) Fixed/FRN issue. Put option 15/11/93 at 100% at the end of the third year, semi-annual. Coupon fixed at 7⅞% for first 3 years, then pays 20bp below 6-month Libor, thereafter.

Taipei opens up access to financial stocks

By Peter Wickenden in Taipei

TAIWAN'S Security and Exchange Commission has widened the scope of a proposal to allow foreign institutional investment in the Taipei stock market to include financial stocks.

There are only 14 listed banking and insurance issues, but they are the most heavily weighted, accounting for about 40 per cent of the market's capitalisation. When small capitalisation issues are not the focus of attention by speculators, the financial sector tends to lead the market.

As with other categories of stocks, the commission's proposal would limit a single foreign institution to 5 per cent of the listed shares of a Taiwanese bank or insurance company, and the maximum foreign stake would be limited to 10 per cent.

Mr Dixon Ho, an analyst with W. I. Carr in Taipei, said the new ruling meant that foreign investors would probably have access to about 90 per cent of the 200-odd locally listed companies.

The commission's market-opening proposal was due to be reviewed by the government yesterday.

It remains unclear whether foreign investors will be able to buy the shares of food-processing, agricultural-related stocks, as a law prohibits foreign ownership of farmland.

UK pension funds face up to futures

Deborah Hargreaves on a new vista opening up after a tax change

UK PENSION funds are teetering on the brink of an involvement in the futures and options markets now that changes in the tax treatment of derivatives have removed a comfortable barrier behind which many of them had been hiding.

Most UK pension funds are far from considering managed futures accounts in the style of their US counterparts because they are only just coming to grips with using the markets for hedging purposes.

A workshop organised this week by the London International Financial Futures Exchange in conjunction with the National Association of Pension Funds, provided a gauge for the level of interest in futures and options.

Many pension fund trustees turned up to discover more about what they considered to be exotic instruments, and most were considering an extremely conservative use of derivatives.

It is the trustees who monitor the performance of a pension fund who must be consulted before the fund takes the plunge into derivatives and, by nature, they shy away from anything that hints of speculation.

Mr Peter Stanyer, from British Rail Pension Trustee Company, summed up the situation well when he explained his guidelines to managers of BR's pension fund: "The use of derivatives should be of an investment rather than a trading nature. We want to see them used only as a way to help managers effect investment decisions."

That means a fund manager cannot gear the fund by taking on a derivatives position and must always hold enough cash to back a futures or options decision. What it means, in effect, is that the funds are greater users of options than they are of futures.

Options can be used in very defensive strategies to protect the downside on a particular stock or to gain a little more exposure to a rising market. But futures, because of the bigger exposure to the whole market that they offer, are often avoided by the cautious pension funds.

One of the things Mr Stanyer emphasised was the importance for trustees to keep in regular touch with their fund managers and to discuss investment objectives and strategies. Pension funds take a very long-term view of a particular investment and that makes them very careful.

The changes made in the UK Budget this year to the tax treatment of derivatives removed the tax penalty on income from trading the instruments. That cleared up a lot of questions remaining in the minds of pension fund trustees over the use of futures and options.

However, there has been no rush to the markets. Trustees remain wary and want to be better informed before taking the plunge. Many express incredulity at the low price of entry into derivatives in instruments that can offer an exposure many times the value of the entry price.

US advisers look beyond the hedge

Barbara Durr on attempts to attract mainstream funds into derivatives

The US futures industry is trying to crack a very tough nut: pension funds. Promoters of managed futures accounts are assiduously courting safety-minded pension fund and other large US institutional investors in the belief that the time is ripe for a trickle of their vast sums of money into futures.

While many pension funds use futures to hedge portfolio risk, few have jumped with both feet into the risky waters of futures as an investment. However, investment advisers are now beginning to detect new institutional willingness to put money into commodity markets.

"We and our colleagues are getting a much better reception," says Mr Grant Schaumberg, president of Mount Lucas Management, one of the few managed futures investment advisory firms to claim success with pension funds. Mount Lucas advised the first ever large pension fund – Kodak – to experiment with a managed futures account. Having started with $50m in 1987, Kodak has expanded it's pension investment to about $250m.

Managed futures accounts are carefully structured to include a selection of futures contracts and a number of trading strategies to yield the highest and most stable return. Most are tailored to clients' needs.

The new appeal of managed futures for pension funds and other institutional investors comes as other markets, notably equities, turn sour.

Mr John Lass, president of Capital Management Partners, an affiliate of the Barclay Trading Group, says that while investment news everywhere else is glum, managed futures are enjoying something of a banner year.

According to Barclay Trading, its index of commodity trading advisers (CTAs), rose by almost a fifth during the first eight months of 1990. Over the period the Standard & Poor's 500 Total Return Index declined 6.7 per cent and the Shearson Lehman US Treasury Bond Index fell 3.1 per cent. Of the 143 CTAs Barclay Trading tracks, 50 – each with at least $1m under management – managed gains of 30 per cent or more and 25 have posted gains of more than 50 per cent.

Mr Seth Rosenberg, the former manager of a top corporate pension fund and now chief of Cotswold Management, says that futures balance a fund's assets. While equity markets are driven by stability, the futures markets are driven by supply and demand disruptions and disequilibriums.

Currently there is an estimated $12bn in managed futures accounts. But only about a $1bn or so of that is from pension funds. These include Kodak, Mobil Oil, the Detroit Police and Firemen and Massachusetts state employees, according to Mr Leon Rose, publisher of Managed Account Reports, which tracks these investments. Detailed information on who is in the market and for how much is hard to come by, said Mr Rose, and pension funds do not comment publicly on investment plans.

For pension funds, which are carefully regulated, a number of obstacles remain to investing in futures markets. Under their regulations, hedging and even a small amount for speculation is allowed, but managed accounts as an investment are relatively new and must meet the criteria of "skill, prudence and diligence" required of pension fund investing.

The first issue is consequently whether managed futures are considered a legitimate investment or are speculation. As time goes by and data accumulates, it appears that managed futures are evolving as a more acceptable asset class.

Another concern is risk and predictability on returns and performance. Commodity funds and accounts have a tendency to gyrate wildly, even if the overall trend is up, which means that any futures investor needs very steady nerves.

Yet, even among those willing to consider seriously such an investment there are worries about the capacity of the futures markets. Any concerted move into futures by these behemoth funds would overwhelm them.

Futures' fee structures give cause for concern, too. Mr Love of Monmouth Capital Management says his firm collects a 2 per cent management fee and charges another 20 per cent as an incentive fee on net new profits. Of the 2 per cent half goes to the CTAs hired to conduct the trading, and they also receive 15 per cent of the incentive fee. This sort of fee loading is typical for managed futures accounts.

Yet despite reservations, Mr Love says he is expects to sign "a couple" of large pension funds by the end of the year. Other investment advisers felt they were also hot on the trail to deep-pocketed pension fund clients. With venture capital and property in the doldrums, the institutional appetite for alternative investments is slowly growing, they say.

Further charge-offs likely at Federal

FEDERAL Home Loan Mortgage Corporation's third-quarter $81m charge-off of apartment loan losses will not be the last, Reuter reports from New York.

According to Mr Leland Brendsel, the chairman, Freddie Mac will take some additional charge-offs in the fourth quarter. "Our charges so far reflect deterioration in loans up to the third quarter and do not reflect future deterioration," he said. He would not estimate the size of future losses.

Freddie Mac's third-quarter earnings rose to $2.05 a share from $1.86 a share a year ago, despite the charge-offs. It said it would be reviewing its $11bn multi-family loan portfolio and would then decide if it needed to announce a special loan loss provision as part of fourth-quarter earnings.

Mr Paul Allen, Freddie Mac's vice president for performance management, said that most of the charges would come from its $400m of delinquent-but-not-foreclosed apartment loans.

"We are being a lot more aggressive in terms of foreclosures," Mr Allen said. "If we drag our feet, there will be more time for deterioration and depreciation. If payments are 60 days past due, then we foreclose and write-off the loans." Freddie Mac's rate of loss on its foreclosed properties had been about 60 per cent.

Freddie Mac had reviewed the $200m of apartment loans upon which it has already foreclosed and did not expect further losses, he said. Nor did it expect write-offs from the remaining $10.4bn of apartment loans which were now performing, even though they would be subject to review.

Seaboard winds up conversion

SEABOARD Savings and Loan Association and Seaboard Bancorp said the association has completed its conversion to a federally chartered savings bank, its reorganisation and the formation of a savings and loan holding company, Reuter reports.

They said the association's common stock is now owned by Seaboard Bancorp and each share of the association's common stock previously outstanding will now represent one share of Seaboard Bancorp, the new holding company.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Thursday November 1 1990.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Oct 31 Index No.	Tue Oct 30 Index No.	Mon Oct 29 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (196)	681.95	-1.1	16.16	6.99	7.56	31.87	689.71	689.05	698.00	864.89
2	Building Materials (26)	916.49	-1.8	16.02	6.67	7.69	40.76	933.07	922.56	932.65	1027.51
3	Contracting, Construction (35)	1112.60	-1.6	17.00	7.18	7.62	58.05	1130.87	1122.70	1125.25	1366.37
4	Electricals (10)	1765.48	-1.7	15.92	7.62	7.68	84.91	1795.40	1839.55	1899.26	2473.20
5	Electronics (26)	1541.26	-0.9	10.87	5.56	12.58	58.17	1555.86	1551.13	1568.38	1913.76
6	Engineering-Aerospace (8)	404.70	-1.2	16.73	6.02	7.19	15.45	409.57	409.48	413.53	0.00
7	Engineering-General (47)	350.53	-0.6	17.10	7.41	7.03	17.38	352.56	352.62	356.40	0.00
8	Metals and Metal Forming (8)	403.24	+1.0	28.26	8.28	4.31	17.02	399.31	396.24	402.65	454.16
9	Motors (13)	264.91	-1.7	19.12	9.08	6.10	14.53	269.63	264.22	268.14	361.92
10	Other Industrial Materials (23)	1103.89	-1.0	15.24	7.39	7.58	60.27	1115.47	1129.87	1149.54	1604.41
21	CONSUMER GROUP (177)	1173.93	-1.2	10.39	4.35	11.91	31.51	1188.76	1176.85	1186.90	1233.83
22	Brewers and Distillers (22)	1463.81	-1.1	10.68	4.04	11.34	33.61	1480.29	1462.72	1480.08	1380.35
25	Food Manufacturing (19)	990.91	-1.7	11.72	4.93	10.54	28.13	1007.63	999.79	1004.91	1095.73
26	Food Retailing (16)	2253.99	......	9.27	3.24	14.06	52.68	2252.66	2249.13	2255.29	2280.72
27	Health and Household (16)	2389.56	-1.2	7.40	3.11	15.97	50.32	2419.09	2403.19	2439.78	2471.13
29	Leisure (32)	1175.22	-2.0	12.75	5.52	9.49	44.58	1198.96	1187.29	1192.51	1522.43
31	Packaging & Paper (12)	475.60	-0.8	13.54	7.32	9.07	22.95	479.65	478.66	478.37	526.55
32	Publishing & Printing (14)	2835.10	-1.2	12.54	6.65	10.00	126.51	2868.11	2844.05	2867.81	3556.73
34	Stores (34)	790.26	-1.7	11.27	4.69	11.54	19.51	804.10	786.10	790.79	762.85
35	Textiles (12)	415.41	-1.2	14.37	8.55	8.82	20.45	420.30	416.36	417.89	511.79
40	OTHER GROUPS (106)	940.74	-1.1	13.13	6.24	9.27	32.16	951.28	943.13	953.71	1084.98
41	Agencies (15)	908.59	+1.1	11.73	3.67	10.32	22.25	898.48	936.52	985.48	1493.18
42	Chemicals (24)	996.99	......	13.26	6.67	8.91	46.81	997.27	983.49	990.14	1166.78
43	Conglomerates (14)	1220.99	-2.1	13.88	8.19	8.68	38.53	1247.38	1227.84	1249.14	1546.56
44	Transport (14)	1813.58	-1.6	13.39	5.78	9.46	67.29	1842.77	1821.29	1843.91	2115.99
46	Telephone Networks(3)	1040.17	-1.5	12.58	5.26	10.35	26.09	1056.05	1046.76	1059.57	1044.56
47	Water(10)	1943.08	-1.6	14.93	6.97	7.59	68.12	1975.11	1984.00	1974.45	0.00
48	Miscellaneous (26)	1500.58	-0.5	12.49	6.01	9.30	61.84	1508.51	1484.75	1484.82	1791.42
49	INDUSTRIAL GROUP (479)	981.56	-1.2	12.48	5.50	9.83	32.81	993.26	985.70	995.88	1109.78
51	Oil & Gas (21)	2279.62	+0.2	9.81	5.48	13.31	85.44	2275.12	2275.90	2298.29	2124.82
59	500 SHARE INDEX (500)	1087.67	-1.0	12.06	5.49	10.25	37.07	1098.25	1091.25	1102.44	1195.09
61	FINANCIAL GROUP (103)	655.47	-1.3	-	7.26	-	32.89	664.39	657.79	671.67	739.00
62	Banks (9)	681.28	-1.8	24.01	8.46	5.45	42.00	694.11	685.51	707.25	734.16
65	Insurance (Life) (7)	1232.39	-1.9	-	6.23	-	55.82	1256.57	1245.85	1265.91	1239.76
66	Insurance (Composite) (6)	554.98	-2.0	-	7.65	-	32.08	566.44	561.93	574.08	632.91
67	Insurance (Brokers) (8)	880.42	-0.2	8.54	7.30	15.34	41.94	882.60	874.46	864.50	1026.36
68	Merchant Banks (7)	345.65	-0.1	-	5.92	-	12.75	345.97	339.63	342.88	396.77
69	Property (45)	906.75	-0.2	8.08	5.38	16.34	25.45	908.12	901.45	915.43	1137.56
70	Other Financial (21)	244.41	+0.4	11.63	7.35	11.05	11.83	243.45	242.16	243.78	316.40
71	Investment Trusts (70)	994.10	-1.1	-	4.02	-	25.91	1005.35	998.66	1004.71	1180.48
91	Overseas Traders (5)	1055.38	-1.8	13.55	8.75	8.79	69.98	1075.16	1074.20	1100.11	1342.10
99	ALL-SHARE INDEX (678)	982.49	-1.0	-	5.72	-	35.66	992.67	985.87	997.43	1085.73

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Oct 31	Oct 30	Oct 29	Oct 26	Oct 25	Year ago
FT-SE 100 SHARE INDEX‡	2028.0	-22.3	2049.3	2025.7	2050.3	2033.9	2062.1	2063.1	2088.7	2154.1

FIXED INTEREST

	PRICE INDICES	Thu Nov 1	Day's change %	Wed Oct 31	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.56	-0.16	118.74	-	10.24
2	5-15 years	123.10	-0.35	123.54	-	11.95
3	Over 15 years	124.45	-0.48	125.05	-	9.84
4	Irredeemables	139.39	+0.31	138.95	-	13.46
5	All stocks	123.54	-0.29	123.90	-	11.31
	Index-Linked					
6	Up to 5 years	155.55	-0.02	155.57	-	3.04
7	Over 5 years	139.32	-0.18	139.58	-	3.45
8	All stocks	140.43	-0.17	140.67	-	3.42
9	Debentures & Loans	101.98	+0.11	101.87	-	9.29
10	Preference	73.21	+0.09	73.15	-	5.47

	AVERAGE GROSS REDEMPTION YIELDS		Thu Nov 1	Wed Oct 31	Year ago (approx.)
	British Government				
1	Low	5 years	10.52	10.49	9.99
2	Coupons	15 years	10.81	10.74	9.75
3		25 years	10.82	10.75	9.65
4	Medium	5 years	11.44	11.34	11.20
5	Coupons	15 years	11.24	11.17	10.15
6		25 years	11.10	11.06	9.78
7	High	5 years	11.54	11.46	11.30
8	Coupons	15 years	11.44	11.40	10.36
9		25 years	11.36	11.34	9.93
10	Irredeemables †		10.91	10.94	9.69
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.99	3.97	3.64
12	Inflation rate 5%	Over 5 yrs.	4.35	4.34	3.63
13	Inflation rate 10%	Up to 5 yrs.	2.77	2.74	2.81
14	Inflation rate 10%	Over 5 yrs.	4.17	4.15	3.46
15	Debs &	5 years	13.37	13.28	13.81
16	Loans	15 years	12.86	12.85	12.37
17		25 years	12.49	12.51	11.87
18	Preference †		12.98	12.99	10.70

‡Opening Index 2039.9; 9 am 2048.6; 10 am 2045.4; 11 am 2040.0; Noon 2040.8; 1 pm 2039.7; 2 pm 2033.8; 2.30 pm 2034.6; 3 pm 2031.9; 4.10 pm 2027.4; (a) 9.18am (b) 3.22pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	72	5
Corporations, Dominion and Foreign Bonds	0	7	14
Industrials	160	516	876
Financial and Properties	80	262	399
Oils	22	20	47
Plantations	3	2	5
Mines	19	36	98
Others	63	50	96
Totals	356	965	1,540

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	131	90	ABI Leisure 10p	90	-1	R4.7	3.3	7.0	5.9
155	F.P.	-	160	155	‡Brabant Resources £1	160		9.1	3.7	6.9	5.2
180	F.P.	-	198	170	Faber Prest	175		-	-	-	-
2	F.P.	-	4½	3	Finlan Group 1p	3½		-	-	-	-
†	F.P.	-	73	43	Golden Vale Ir1p	46		u0158%	5.1	3.2	8.4
-	F.P.	-	24	18	JF Fledgeling Jap. Wts.	18		-	-	-	-
100	F.P.	-	98	73	Jupiter Euro Inv Trust	73	-2	-	-	-	-
-	F.P.	-	38	21	Do. Warrants	21	-2	-	-	-	-
-	F.P.	-	22	20	‡MMI 1p	22		11.0	2.4	6.1	8.5
†	F.P.	-	17	8½	‡Paramount 2½p	8½		-	-	-	-
†	F.P.	-	53	38	‡Pelican 20p	38		-	-	-	-
100	F.P.	-	90	83	River & Merc Smaller Co	88		K3.75	-	5.7	-
-	F.P.	-	26	18	Do. Warrants	23		-	-	-	-
$100	F.P.	-	102	85	Slam Select. Growth Tst.	87	+2	-	-	-	-
-	F.P.	-	38	26	Do. Warrants	26		-	-	-	-
$100	F.P.	-	96	91	Smaller Cos. Inv. Tst 50p	93	+2	-	-	-	-
-	F.P.	-	23	21	Do. Warrants	21		-	-	-	-
225	F.P.	-	245	195	‡Standard Platform 10p	195		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	68	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	68	
100p	F.P.	28/9	102p	93p	Perkins Foods 8p (Net) Cv Rd Pf	93p	
100p	F.P.	-	121p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	114½p	-1½
100	F.P.	-	110½	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	105½	-½
100p	F.P.	-	105p	45p	Wyndham Group 9.375pc Cnv.Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	Nil	-	10pm	4pm	Arcadian Intl.	4pm	
77	Nil	-	13pm	8½pm	Bryant Group	10pm	
140	Nil	-	5pm	3pm	MTM 5p	4pm	
5	Nil	-	8pm	5pm	Sycamore Hldgs. 5p	5pm	
55	Nil	-	½pm	½pm	Vicat Hldgs.	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. φ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ◆ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Oct. 29
- Last Dealings Nov. 9
- Last Declarations Feb. 7
- For settlement Feb. 18

For rate indications see end of London Share Service

Calls in Berisford Intl. and Blacks Leis. Puts in Berisford Intl., Blacks Leis., Cityvision, Ford Sellar Morris Props., Gestetner, News Intl. and Reuters. Puts and calls in Blacks Leis. and Brent Walker.

LONDON TRADED OPTIONS

FADING speculation about a reduction in UK interest rates and a tightening in German monetary policy pushed equity futures lower yesterday. In the traded options market, turnover remained low as investors continued to favour bearish strategies.

The FT-SE futures contract spent another day being buffeted by speculation about European and US interest rate policy. During the morning, the market edged lower as hopes of an early cut in UK interest rates receded.

The futures market was unable to provide a lead for the cash market and spent much of the day at around a 35 point premium to the cash index. Brokers calculate that with future dividend payments and the cost of finance taken into consideration, the December contract should trade 35 points above the spot index.

During the second half of the session a decline on Wall Street and a rise in some German interest rates depressed values further. A short seller before the close continued to narrow the gap with the cash index.

The December FT-SE contract closed at 2,052, down 36 points on the day. Its premium over the cash index finished at 25 points, compared with 36.

In the traded options market, dealing remained depressed. Brokers said investors appeared to favour more bearish trades. A total of 29,926 contracts changed hands, up on the previous session but still below the level needed to cover brokers' overheads.

Yesterday's total was divided between 18,199 puts and 11,727 calls. The FT-SE traded 8,561, which was also weighted towards puts.

British Steel was the most active as James Capel sold 1,000 January 120 puts. A total of 1,966 lots changed hands. The other large trades included the purchase by another broker of 500 Ladbroke January 280 puts; and the sale of 550 Fiscal November 180 puts.

[illegible]

Westbury dives to £5m and acts to control debt

By Richard Gourlay

WESTBURY, the Cheltenham-based housebuilder, saw profits tumble in the six months to August 31 in the face of the toughest trading conditions in its history.

Taxable profits fell from £18.2m to £5.1m, but the interim dividend is maintained at 3.25p.

House sales increased marginally to 1,110 units, but at the cost of cutting operating profit margins to 10.6 per cent from the near record levels of 23.3 per cent in the comparable period.

Mr Richard Fraser, chairman, said the company was concentrating on maintaining sales volumes and keeping the balance sheet in order, a strategy that had worked in previous housing downturns.

Gearing through the period was almost unchanged at 50 per cent on debt marginally higher at £53.7m, but interest cover dropped from 6 times to 2.2 times.

Westbury has been running down the stock of land with planning permission in its its land bank to control debt.

Each house sale not matched by a replenishment of the land bank spins off an average of £16,000 in cash which can be used to repay debt.

The land bank fell by 200 plots to 7,200 and is expected to be below 7,000 by the financial year-end.

However, the company has maintained sales discounts at £3,500 per unit, placing extra strain on margins as house prices have fallen on average by 10 per cent.

The company has helped maintain sales by selling more smaller houses in the two to three bedroom first-time-buyer range. The average house sale price fell from £77,217 to £65,682 in the period.

The erosion of profits follows two years when operating margins were above 20 per cent.

Mr Fraser said sales had increased encouragingly in the last three weeks as buyers had emerged in anticipation of further interest rate cuts which might curtail sales incentives. Westbury had also been able to keep the costs of its raw materials low because of softness in the building market.

While land prices had bottomed out, he said, they were unlikely to move up again for some time. Any rise in land prices would probably need further falls in interest rates.

● COMMENT

If further proof were needed of the awful state of the house-building market, Westbury is it. In spite of running down its land bank, thereby spinning off cash, operating margins are being so tightly squeezed that the company has struggled to keep debt at its previous levels. Although interest cover has fallen to a little over two times, Westbury is by no means the worst in its sector. Most importantly it has succeeded in the crucial respect of maintaining sales volume, albeit at a cost of higher percentage unit discounts. It will nevertheless do well to repeat pre-tax profits in the second half. If it does, it will generate earnings per share of 13.5p and lead to a prospective multiple of 13.1.

BOARD MEETINGS

The followir , companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- CST Emerging Asia Trust, London & Edinburg Trust, Prowting, Upton & Southern.

FUTURE DATES

Interims-	
ACT	Nov. 14
Ambrose Inv Trust	Nov. 13
BET	Nov. 12
British Inv Trust	Nov. 6
Caffyns	Dec. 5
Comac	Nov. 6
East Surrey Water	Nov. 13
Hartlepools Water	Nov. 12
Hicking Pentecost	Nov. 8
Hogg Robinson	Nov 21
London Intl	Nov. 13
Property Partnerships	Nov. 23
Scapa	Dec. 6
Somic	Nov. 13
South African Breweries	Nov. 7
Finals-	
Cosalt	Nov. 19
Drayton Consolidated Tst	Nov. 7
Fairline Boats	Nov. 28
Tomkinsons	Nov. 15
Wardle Storeys	Nov. 12
Westland	Dec. 7
Wharfedale	Nov. 6

Allied Irish withdraws $217m US bank bid

By David Lascelles, Banking Editor

ALLIED IRISH Banks, one of the big two Irish banks, withdrew its $217m (£112m) bid for Baltimore Bancorp yesterday, further underlining the parlous state of the US banking industry.

AIB launched the unsolicited bid last April through First Maryland Bancorp (FMB), its existing US subsidiary, in order to strengthen its position in the East Coast banking market. The bank's offer was worth $17 per share, well above the $10.25 at which Baltimore Bancorp was then trading.

However, the shares have since fallen to about $5, reflecting the severe downturn which has hit the local banking market, mainly because of losses on real estate loans.

Mr Jeremiah Casey, chairman of FMB, said that "having regard to changes that have arisen in the marketplace over the past six months, we believe our cash offer of $17 per share is no longer appropriate".

The bid was conditional upon a review of Baltimore Bancorp's accounts. But it had also received a frosty reception from Baltimore Bancorp's board, which accused FMB of trying "to create a hostile atmosphere" and putting pressure on the directors.

Mr Casey stressed that FMB was still interested in acquiring banking business in the Maryland market, and that if Baltimore Bancorp wanted to explore an affiliation at a future date, FMB would be open to discussions.

AIB's withdrawal reflects the much more cautious approach now being taken by foreign banks to the US market. NatWest has temporarily shelved acquisition plans there following large losses at its existing operation in the New York/New Jersey market.

However Royal Bank of Scotland said last night that it still hoped to conclude a deal to buy BankWorcester, a bank in New England, by the end of this year. The Royal, which already owns Citizens Bank of Rhode Island, recently acquired the branches and assets of another local bank.

See Lex

Polly Peck administrator talks with Turkish officials

By David Barchard in Istanbul

MR RICHARD STONE, one of three administrators appointed last week to Polly Peck International, was reported yesterday to have held talks with Turkish Treasury officials.

However, the exact whereabouts of Mr Stone, a partner with accountancy firm Coopers & Lybrand Deloitte, were not clear last night.

Officials at the British Embassy in Ankara said they had not been kept informed of Mr Stone's movements.

Mr Stone is accompanied in Turkey by three colleagues including Mr Mark Hewitt, a solicitor. The administrators are thought to be exploring the legal issues involved in dealing with Polly Peck's Turkish subsidiaries.

Mr David Tonge, a British consultant working in Istanbul, yesterday warned that it might prove difficult to get British legal rulings enforced in the Turkish courts.

"The Turkish Commercial Code and related legislation was not designed to handle this type of eventuality but to protect Turkish assets against foreign control," he said.

One change which may give heart to Mr Nadir is that Turkish public opinion in Turkey, until now hostile or indifferent to him and the collapse of his industrial empire, shows signs of turning in his favour.

Press coverage of Polly Peck's affairs, which was very subdued until recently – possibly because Mr Nadir was viewed as a close ally of President Turgut Ozal by the opposition press – has become more favourable.

Yesterday Mr Sakip Sabanci, one of Turkey's two main industrialists and a powerful opinion-former, broke his silence on the issue to say that Mr Nadir had been "much put upon."

Meanwhile, Mr Nadir's operations in Turkey still appear to be functioning more or less normally, although some of the companies he owns personally seem to be selling real estate in an effort to raise cash.

Market sources said last night that Günaydin, the mass circulation daily owned by Mr Nadir, had sold real estate worth TL1.5bn (£280,000) to Milliyet, another daily paper, for cash.

Natural justice meets the fight on corporate crime

Robert Rice and Raymond Hughes consider Asil Nadir's action against the SFO

JUST SEVEN weeks after taking over as director of the Serious Fraud Office, Mrs Barbara Mills QC, faces the prospect of having to defend in court the way her office treats people suspected of serious fraud.

Yesterday's decision by two judges in the High Court that Mr Asil Nadir, chairman of Polly Peck International, had an arguable case that he was treated unfairly at an interview with the SFO will set in motion the first real challenge to the draconian powers given to the SFO to investigate and prosecute serious fraud.

A victory for Mr Nadir, the SFO will argue, could be a serious set back for the government in its fight against white collar crime.

At the core of the case will be the question whether the SFO must show its hand at an early stage of an investigation.

The 1987 Criminal Justice Act gives the SFO power to compel anyone to answer its questions without any apparent obligation to explain what lies behind them.

In normal criminal investigations suspects will know of what it is they stand accused. Although the government has announced its intention to abolish the suspect's right to silence, this safeguard for suspects remains for the moment. If the police refuse to tell a suspect what it is he is accused of, the suspect can legitimately refuse to co-operate.

In the case of white collar crime a different approach is taken reflecting the Government's determination to stamp out City malpractice.

When the Roskill Committee looked at the prosecution and investigation of fraud in the early 1980s it quickly identified the suspect's right to silence as a serious impediment to the successful prosecution of white collar crime.

The complexity of many fraud cases was such that if the suspect was entitled to refuse to answer questions or to co-operate with an investigation the chances of a successful prosecution were remote.

Furthermore if suspects knew precisely of what it was they were suspected or what was being investigated, they could easily destroy or tamper with evidence vital to a successful prosecution.

Roskill recommended that not only should the suspect's right to silence in serious fraud cases be abolished but that if suspects refused, without reasonable excuse, to co-operate with an investigation they could be fined or jailed. The government needed little further persuasion to act.

The 1987 Act, which set up the SFO, empowered the director to investigate "any suspected offence which appears to him on reasonable grounds to involve serious or complex fraud".

Section 2 of the Act provides that the director may require a person whose affairs are to be investigated, or any other person "whom he has reason to believe has relevant information", to answer questions and produce documents.

The Act provides that anyone who "without reasonable excuse" fails to comply with a section 2 requirement "shall be guilty of an offence" and liable to a jail sentence up to six months or a fine not exceeding £2,000, or both.

A two-year jail sentence or a fine can be the penalty under the Act for knowingly or recklessly making a false or misleading statement to the SFO, while the falsification, concealment or destruction of a relevant document can result in a seven-year sentence.

Similar powers of compulsion are given to Department of Trade and Industry inspectors by the 1985 Companies Act. DTI inspectors can report to the court anyone refusing to co-operate with them. The court can treat the refusal as a contempt of court, carrying the maximum penalty of a two-year jail sentence.

The 1986 Financial Services Act also provides for a six month jail sentence or a £2,000 fine or both being imposed on anyone who "without reasonable excuse" refuses to co-operate in an investigation of an investment business.

The same Act provides for contempt of court penalties against anyone who refuses to answer questions from inspectors investigating suspected insider dealing.

The SFO's defence of its position will therefore be that if it is made to tell Mr Nadir which areas of his business affairs it is investigating it would set a precedent which would allow other suspects in fraud investigations to destroy or tamper with vital evidence.

This, it will argue, would set the fight against corporate crime back ten years at a time when it appears it may be beginning to get the upper hand.

Mr Nadir, however, is not concerned with the broader fight against corporate crime. His argument will be that the rules of natural justice require that he should be told of what it is he stands accused not only so that he can defend himself but also so that he can co-operate with the SFO in clearing up what, in his view, is clearly a mistake.

In the wider context his argument could be interpreted as saying that in this type of case the SFO should put up or shut up. It should not be allowed to go on a fishing expedition through a company's affairs, particularly when public knowledge of an SFO investigation can have such potentially disastrous consequences for a public company which finds itself under investigation.

Lord Justice Taylor and Mr Justice Morland, without giving him any cause for great optimism that his argument will win the day, were at least prepared yesterday to concede that he may have a point.

IF YOU HAVE INVESTED IN

Polly Peck

COLLECT £500.00 FROM THE BANK

Don't get your hopes up, shareholders, it's only a game, writes Clay Harris. Whatever happens to Polly Peck International in real life, its name will liven up many a party. Investor, a board game being launched in time for the Christmas season, features Polly Peck on one of the prime corner spots, for which the manufacturer was seeking a £5,500 sponsorship fee. Unlike Monopoly, which the game superficially resembles with its "venture" and "facts" cards, most of which involve paying money to banks, players do not move around the board. This may be just as well, because now no one will be able to state for certain whether the Polly Peck square is in the position of "go to jail" or "pass go and collect £200m, if you can, from Cyprus."

Barbara Mills: having to defend the SFO's procedures

Difficult trading leaves Daks Simpson at £4m

By Richard Gourlay

DAKS SIMPSON, the tailor and clothier, yesterday reported a 21 per cent fall in pre-tax profits from £5.3m to £4.16m in a year which the chairman described as the most difficult period of trading in a decade.

The group made a £1.02m extraordinary provision to cover the cost of discontinuing an agreement with its principal licensee in the US.

The company said the termination would leave the company free to expand its product range.

Turnover rose from £63.72m to £69.62m.

In spite of the profits drop, the board recommended an increase in the final dividend from 7.95p to 8.25p, bringing the total for the year to 11.75p, an increase of 7.3 per cent.

"I consider that a tangible demonstration of our belief in the future is required as the underlying trends are encouraging," Mr Johnny Mengers, chairman, said in explaining the dividend increase.

A separate extraordinary provision of £815,000 was also necessary to cover costs of closing the Daks womenswear factory in Nottingham, which proved more expensive than earlier estimates.

Operations were also hit by the fall of the Japanese yen against sterling and a lack of snow throughout the world which hit profitability at its Austrian ski-wear subsidiary.

Daks' main contract division continued to grow with sales to Marks and Spencer, Mr Mengers said.

Leigh doubles to £6.7m

By Andrew Hill

LEIGH INTERESTS, which merged with fellow waste management company HT Hughes in September, nearly doubled pre-tax profits from £3.48m to £6.72m in the half-year to September 30.

The figure was in line with Leigh's forecast at the time of the £33m agreed bid for Hughes.

About half the profits advance was due to contributions from acquisitions, in particular Clay Colliery Company, the coal and clay extraction group purchased last December for a maximum of £17m in shares.

Earnings per share rose a more modest 22 per cent to 8.9p (7.3p).

Mr Arthur Kent, finance director, said the group would now concentrate on organic growth.

"While we are on the lookout for opportunities, there are none we can see immediately and in the meantime we are enthusiastically integrating what we have already got," he said yesterday, adding that the waste industry was still growing in spite of the poor economic climate.

Sales in the first half rose from £30.4m to £46.3m. The interim dividend is increased to 2.4p (2.22p).

Mr Kent pointed out that the group was ungeared even after taking on £7m of debt with the Hughes acquisition.

Eurotunnel rights details today

By Andrew Hill

Eurotunnel is expected to announce details of its £530m rights issue today.

The bank financing was completed earlier this week and the group, which announced the first break-through beneath the Channel on Tuesday, needs the additional cash to complete the project.

The cost of the fixed link has risen from £4.8bn to more than £7.5bn since November 1987.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BMSS § ....int	2†	Nov 30	1.675	-	4.38
British Borneo ....int	8	Dec 14	8	-	24
Burtonwood Brew ....int	0.7	-	0.7	-	3.98
Centreway Trust ....int	nil	-	1	-	3
Daks Simpson ....fin	8.25	-	7.95	11.75	10.5
Fleming Japanese....fin	0.75	-	0.75	0.75	0.75
Kalamazoo ....fin	1	-	nil	1	nil
Keystone Inv ....fin	9	-	7	13	10
MMT Computing § ....fin	2	-	1.65	3	2.45
Ralston Inv Tst ....int	0.725	-	0.725	-	2
Smart (J) ....fin	5.25	Dec 17	4.65	7.2	6.4
Thames Water ....int	6	Mar 4‡	-	-	-
Westbury ....int	3.25	Jan 10	3.25	-	9
Westerly ....int	nil	-	0.5	-	2.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡ Corrected.

UK COMPANY NEWS

Examiner's survival plan expected to need beefing up

Continental banks may prefer to liquidate Goodman International. Kieran Cooke reports

THE JUDGE at Dublin's High Court looked bemused as he contemplated the numerous volumes of literature before him. "What am I to do with all this?" he asked.

This week Mr Peter Fitzpatrick, the Examiner appointed to assess the viability of Goodman International, finished his report on the group and 60 companies associated with Europe's biggest beef processor and exporter, which is privately controlled by Mr Larry Goodman.

The biggest business débâcle in the history of the Irish state has been a complex affair. The judge, the group and the 33 banks owed a total of I£650m (£590m), of which I£470m is unsecured and the balance guaranteed by Goodman, are now faced with wading through pages of figures and explanations.

Details of Mr Fitzpatrick's report on one of Ireland's biggest companies have not been released to the public. But overall the report recommends rescuing the core meat slaughtering, processing and exporting business of the group as the lesser of two evils.

Liquidation, says Mr Fitzpatrick, is "so awful that it automatically leads one to the more favourable one, in my view, of a workout proposal".

According to Mr Fitzpatrick, if Goodman was liquidated creditors could only expect to be paid between 25p and 30p in the pound over a number of years. In addition it would mean that the I£180m in bank guarantees and bonds would be brought into play to pay preferential creditors.

Under Irish companies legislation, rushed through the Dublin parliament at the end of August at the time Goodman International's problems became known, Mr Fitzpatrick has until December 29 to reach agreement with creditors. That would require a majority of banks involved, collectively representing more than 50 per of the debt owed, voting for a rescue package.

Early indications of Mr Fitzpatrick being able to achieve this are not encouraging.

A number of continental banks, including Westdeutsche Landesbank and Commerzbank of Germany and ABN and AMRO of the Netherlands, are involved in legal proceedings in the Irish courts concerning their loans.

They are among the largest creditors and have made clear their anger about the way they feel they were misled by Goodman International. They are particularly unhappy about the manner in which funds lent for working capital were instead used for unrelated activities, including large scale purchases of shares on the London market.

At least one bank, with outstanding loans of more than I£30m, has made it in clear in court that it wants liquidation. Some continental banks may be able to gain tax breaks if liquidation is pursued.

There is scepticism about substantial sections of Mr Fitzpatrick's rescue plan. One half of the plan involves satisfying 50 per cent of outstanding group debt by the sale of assets and converting an element of bank debt into term loans, to be secured against group assets.

Mr Fitzpatrick has calculated that the sale of Goodman assets unconnected with the core business could raise more than I£130m. These include cash from the sale of an 8 per cent holding held by Mr Goodman in Unigate, the food group, the group jet, property interests and cash from the sale of Mr Goodman's 68 per cent stake in Food Industries. Mr Goodman's 13 per cent stake in Berisford International, the commodities conglomerate, will not, at the present share price, generate any funds.

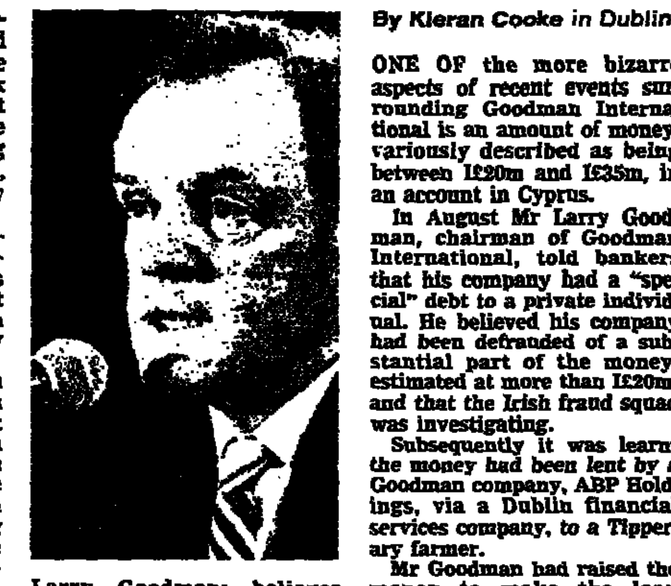
The banks are finding the second half of the Fitzpatrick plan more difficult to swallow. The remaining 50 per cent of Goodman debt, amounting to I£235m, would be covered either by payment of an I£167.7m debt owed by Iraq to Goodman, and/or by the successful outcome of court proceedings taken by Goodman International against the Irish government.

Mr Fitzpatrick has made it clear that if this part of the plan fails, then liquidation is inevitable. He has made proposals to the banks in regard to the Iraqi debt which include the possible conversion of bank loans equivalent to the amount of debt into a form of share capital, capable of being redeemed if the debt is repaid, or converted into ordinary equity if not.

Given the present circumstances in the Gulf many bankers view these proposals as unrealistic. Some also might regard taking share capital in Goodman as more of a liability than an asset.

There is also scepticism about the chances of Goodman winning its court case against the government. The action relates to an official decision late last year to withdraw state insurance covering Goodman beef exports to Iraq following the discovery of what where described as statistical discrepancies.

Mr Fitzpatrick has said that his proposals are no more than "an opening shot" and that much hard bargaining is yet to come. Mr Goodman himself has welcomed the report and believes a solution is achievable.


Larry Goodman: believes solution is achievable

After the events of the last few months many bankers might not be predisposed to agree with Mr Goodman.

Bizarre loan trail ending in Cyprus

By Kieran Cooke in Dublin and Kerin Hope in Athens

ONE OF the more bizarre aspects of recent events surrounding Goodman International is an amount of money, variously described as being between I£20m and I£35m, in an account in Cyprus.

In August Mr Larry Goodman, chairman of Goodman International, told bankers that his company had a "special" debt to a private individual. He believed his company had been defrauded of a substantial part of the money, estimated at more than I£20m, and that the Irish fraud squad was investigating.

Subsequently it was learnt the money had been lent by a Goodman company, ABP Holdings, via a Dublin financial services company, to a Tipperary farmer.

Mr Goodman had raised the money to make the loan through Barclays Bank Dublin. The money was lent by Barclays in the belief that Mercantile Credit, its Irish subsidiary, was providing a guarantee supported by a deposit from a third party. The deposit never materialised.

The money made its way via the Channel Islands to the account of a London financial services company run by a brother and sister who list their occupations as chauffeur and dressmaker. The money then went to Luxembourg, supposedly eventually destined for South Africa and the account of a man involved in the manufacture of insulin.

However, the money was transferred to the account of an import/export company in Cyprus. Mr Goodman is taking legal action in Cyprus to recover the money. The South African is contesting ownership of the money, which has been frozen by a Cyprus court.

In his report this week on Goodman International Mr Peter Fitzpatrick, the Examiner appointed to assess the company's viability, said that he was concerned about the Cyprus transaction and was making inquiries under sections of Irish company law dealing with fraudulent or reckless trading.

Howden warns on profits after contractual dispute

By Andrew Bolger

HOWDEN Group, the Glasgow-based engineering group has warned that its profits for the year to April 30 will be very severely affected by a contractual dispute.

The warning was issued minutes after the market closed with Howden shares at 72p, down 1p. Howden recently announced 500 redundancies at its Renfrew plant.

Howden said the dispute was over a £41m contract to supply four tunneling machines to MT Group, a European and American consortium, to complete the Great Belt Project link between the west and east of Denmark.

The Scottish group said it had lodged claims against MT Group for extra costs and delays. MT Group intended to lodge counter-claims and it now seemed likely that the matter would be referred to arbitration, which could take up to two years to complete.

Howden and MT group have agreed joint work completion programmes which said all four machines would be ready by Christmas. The first of them had begun operations.

Howden said the delays and extra costs incurred in completing the Great Belt contract had resulted in higher than forecast borrowings, but it was expected that the amount outstanding would be reduced considerably during the next three months.

The group said its borrowings would not be significantly higher next April than the £48m level at the end of the last financial year. Howden made pre-tax profits of £17.19m on turnover of £315.52m in the year to April 31.

Calculating risk in playing poker for a television monopoly

Raymond Snoddy looks at the players poised to make their moves in the upcoming ITV franchise round

A STRANGE poker game has been played for the past few months by those who would like to acquire a stake in, or try to take over, a major ITV company before the coming round of competitive tenders for franchises gets underway.

Powerful media players have been at the table, or watching nearby, but no one has been willing to commit themselves to playing a single card.

So it is that 56 per cent of Thames Television, the largest ITV company, has been on the market since March but has not yet formally found any takers. This is in spite of rumours that all the heavyweight media hitters of continental Europe – from CLT of Luxembourg to Bertelsmann of Germany and Mr Silvio Berlusconi of Italy – have at one time taken a look.

So far there has been no rush of buyers either for Mr Robert Maxwell's 20 per cent stake in Central, the second largest ITV company.

Perhaps most surprising of all is that no one has tried to take over TVS Entertainment, holder of the lucrative southern England franchise and owner of MTM, the US television production company.

There have been are rumours of several potential predators but none has revealed its hand. The share price has been stuck around 56p for the past three weeks, due in part the financial disappointments at MTM. At their height the shares reached 345p.

At first glance the immobility of the potential players – including companies such as Mr Michael Green's Carlton Communications, Mr Richard Branson's Virgin and, possibly, the Rank Organisation – is difficult to understand.

Amendments to the Broadcasting Bill which received the Royal Assent yesterday have at least tipped the balance in the direction of the incumbent companies. In the main the new franchises will go to the highest bidder, although the programme obligations will be demanding and a bid offering exceptional quality could win over a higher cash bid.

However, until now nary a hand has moved while everyone tries to keep all options open as long as possible.

"There is so much uncertainty. How do you value one of these stakes?" asks Mr Leslie Hill, managing director of Central.

One reason for the log-jam is the fact that buyers only want to pay the break-up value of the ITV companies if they lose their franchises. Sellers are looking for a hefty premium on the grounds that they have a better-than-average chance of winning what in effect is a 20-year franchise (renewal of the first 10-year licence is virtually automatic).

However, the poker players will have to make up their minds quite quickly on whether they are going to play now, bid for a licence in April, or wait even longer until January 1 1994 when it will be possible for the first time to take over commercial broadcasters on the Stock Exchange.

Soon after the Royal Assent has been obtained, the Independent Television Commission will announced a "window of opportunity" for restructuring ITV companies in advance of the bidding. The main season for takeovers will run from November to April, but it is believed that takeover activity will be possible even after that, as long as it does not result in fundamental changes in the nature of the bid or the management team named in it.

Despite the great uncertainty a flurry of activity is likely to begin very soon.

One clear possibility is that Carlton, which would like to buy Thames but doesn't like the price, could instead become a white knight for Mr James Gatward, the TVS chief executive. The price is most definitely right and Mr Green could help to pull off a difficult trick – TVS retaining its franchise.

The activity could even include buyers for the 56 per cent Thames stake owned by Thorn EMI and BET, although, if the continental Europeans now negotiating for the stake do not follow through before the end of the year, it is likely that Thorn and BET will have to withdraw their stake from the market.

If that happens and the two reluctant investors in television have, out of necessity, to be part of a Thames bid for a new franchise, Mr George Russell, ITC chairman, will insist that both give undertakings that they will stay in at least until 1994.

Watch carefully. The first card could be played within days.

NEWS DIGEST

Growth at J Smart continues

PRE-TAX profits continued rising at J Smart & Co (Contractors) in the year to the end of July. The Edinburgh-based company reported a 20 per cent advance to £3.76m, against £3.14m last time, which included an exceptional profit of £425,000.

The result was achieved on turnover up from £12.95m to £16.48m, an increase of 27 per cent. After tax of £1.28m (£1.05m) earnings per share came out at 24.58p (20.74p).

The directors are recommending a final dividend of 5.25p making a total for the year of 7.2p (6.4p).

The shares rose 2p to 158p in a falling market.

Exceptionals raise losses at Barlo

Exceptional charges amounting to I£984,000 increased losses at Barlo Group from I£1.19m to I£2.09m (£1.9m) in the six months to September 30.

However, the company, which makes radiators at plants in the Irish Republic and Lancashire, said these results were seen as ending a transition period and the second half was expected to show a marked improvement, with a return to profitability in the next financial year.

Rationalisation and reorganisation measures under way included the planned disposals of the Dublin and Luton offices and cutting operating locations from eight to six.

The rights issue and placing in October raised I£4.75m and considerably strengthened the balance sheet.

Mr Aidan Barlow, chairman, yesterday also announced board changes, including the appointment of a non-executive chairman – Mr Frank Belton. Mr Barlow will continue as executive deputy chairman, concentrating on new products and market development.

Sales fell 42 per cent to I£6.71m (I£11.56m). The loss per share increased to 6.24p (3.62p).

Yule Catto seeks £14m via disposals

Yule Catto is planning to reduce borrowings via disposals to realise about M$75m (£14.3m).

The Yulcat subsidiary is selling its 65 per cent stake in Yule Catto Plantations to the Johor State Economic Development Corporation, owner of the remaining 35 per cent. The agreement values the whole of YCP at about M$131m (£25m).

In addition, Mengkibol Estate, one of YCP's plantations, is being sold to Revertex (Malaysia). Yule Catto owns 70 per cent of the latter company, the rest is held by the Johor corporation.

The agreement is subject to approval of shareholders and regulatory consent in Malaysia.

Bradford Prop Tst recovers to £10.5m

Taxable profits of Bradford Property Trust recovered to £10.47m in the half-year to end-October, against £8.12m in the comparable period. The 29 per cent increase was achieved on sales up [illegible] per cent from £7.54m to £10.06m.

Profit from the sales of dealing properties rose 51 per cent to £6.18m (£4.09m) and sales by dealing companies increased to £8.96m (£6.94m).

The interim dividend is raised by 0.2p to 1.7p from earnings per 5p share of 4.66p (3.63p).

Commodity prices hit Rowe Evans

Pre-tax profits at Rowe Evans Investments, with interests in rubber, oil palms and cocoa plantations, fell from £1.74m to £290,000 in the six months to June 30, reflecting the continued weakness of palm oil and rubber prices coupled with the strength of sterling.

There was a turnround from a profit of £271,000 to a loss of £310,000 on exchange. Turnover rose from £1.63m to £1.83m. Earnings were 0.41p (2.98p).

Bioplan makes £1m in first six months

In its first interim report following its merger with Cooks Industries Bioplan, the healthcare services group, announced pre-tax profits of £1.02m in the six months to September 30 on turnover of £6.79m.

Earnings were 0.46p per share and the company said that on January 31 1991 it would resume paying preference dividends and arrears accumulated. These amount to 16p per share or £591,000.

A resumption of the ordinary dividend is anticipated at the end of the present financial year.

Ensign Trust nav drops to 85p

The net asset value of Ensign Trust stood at 85.01p as at September 30, a fall of 24 per cent over the year. Net revenue amounted to £3.99m (£3.88m) and for earnings per share of 1.33p (1.31p).

The recommended final dividend is again 1p for a maintained total of 1.3p. Directors also proposed an interim distribution of 0.3p for the current year.

Atlantic Resources loss at I£419,000

Atlantic Resources reported a pre-tax loss of I£419,000 (£378,000) for the six months to June 30 compared with a loss of I£2.84m last time although this included an exceptional loss of I£2.2m.

Turnover rose from I£125,000 to I£439,000 reflecting the gradual return to full production capacity of the Claymore field. After tax of I£345,000 (I£321,000) the loss per share was 0.32p (1.66p).

Oil prices help Aran return to the black

Against a background of high oil prices Aran Energy returned to profits in its first half with I£171,000 (£154,000) pre-tax against a loss of I£333,000. The previous period included exceptional costs of I£258,000 redundancy and reorganisation costs.

Turnover in the six months to June 30 rose 21 per cent to I£13.82m (I£11.4m). Earnings per share came through at 0.12p (0.16p).

Tullow Oil falls into losses of I£48,000

Tullow Oil incurred losses in the first half of 1990. The Ireland-based company reported a pre-tax deficit of I£48,000 (£43,000). The previous first half saw profits of I£41,400.

Turnover for the USM-quoted company was I£465,000 (I£1m) after lower other income of I£41,400 (I£456,500) and gas and oil sales of I£424,000 (I£545,000). The loss per share was 0.04p (0.05p earnings).

Disruption to trading checks VTR

A marginal increase in pre-tax profits was announced by VTR, the USM-quoted video editing and audio-visual house, for the year to August 31.

Turnover was up 26 per cent to £5.55m (£4.39m) but the rise in profits was just 2.2 per cent to £1.28m (£1.25m).

Mr Philip Lovegrove, chairman, said that profits were affected by some disruption to trading caused by the transfer of equipment to new premises and a compensation payment to a former director of The AV Department.

The dividend is raised from 3p to 3.3p on basic earnings of 10.6p (11p).

Bertam shows fall to £338,000

Bertam Holdings, the investment holding company with interests primarily in west Malaysia, announced a fall, from £560,000 to £338,000, in pre-tax profits for the first half of 1990.

Turnover amounted to £496,000 (£601,000). Earnings per share came through at 1.15p (1.97p) after tax of £109,000 (£166,000).

An extraordinary £262,000 credit represented the surplus arising from the compulsory acquisition of land and the disposal of property by a related company.

Reduced deficit at Blackland Oil

Blackland Oil, the Third Market-traded independent oil and gas company, reduced taxable losses from £173,592 to £57,644 in the first half of 1990. Gross sales totalled £90,728, against £1,505. The loss per share was 0.65p (2.48p).

The company said that production started from Whisby in June, though the considerable impact this would have was not reflected in the results.

Spinning leaves Shiloh lower

A difficult half year by its spinning offshoot left pre-tax profits at Shiloh lower at £302,000, against £510,000.

The Oldham-based company said that it was under pressure from cheap subsidised imports.

Turnover in the six months to October 6 was higher at £8.17m (£7.47m). Earnings per share were 3.5p (5.86p) and the interim dividend is raised to 3.375p (0.875p) including a special payment of 2.5p.

There was a net extraordinary profit on sale of land of £1.46m.

COMMODITIES AND AGRICULTURE

Nymex could be closed if war breaks out in Gulf

By Barbara Durr in Chicago

THE Commodity Futures Trading Commission (CFTC) said yesterday that it would not rule out the possibility of closing the New York Mercantile Exchange, the US oil futures market, if war in the Gulf broke out.

However, Mr Patrick Thompson, the president of the Nymex, warned a Senate panel that shutting down the exchange would have calamitous effects throughout the financial markets and should be considered only as a last resort.

Mr William Albrecht, CFTC commissioner, testifying before the panel, said that closing the market was one of a number of options under consideration as possible emergency steps to contain market volatility in the event of a Gulf war.

Mr Albrecht said his agency had been talking to the Department of Energy and the US energy futures market, Nymex, about a variety of possible measures.

But after the hearing Mr Albrecht stressed: "One of the last things we would want to do is shut down the market."

The Senate panel heard that alternatives to closing Nymex could include restricting trading to liquidation of positions or brief trading halts to give the markets time to absorb news. The decision about measures to be taken would depend, Mr Albrecht added, on the type of conflict.

Sen Joseph Lieberman, a Connecticut Democrat, urged closure of the markets "on a temporary, emergency basis in order to limit the psychological impact of war on oil prices and to give world governments time to move oil out of our strategic reserves to calm oil traders and assure adequate supplies."

The Senate hearing had been called to examine the impact of futures markets on oil pricing with special emphasis on whether there had been excessive speculation in the markets since Iraq invaded Kuwait in August.

Mr Thompson also argued that since the Gulf crisis began the exchange had performed "its function by providing participants from all sectors of the energy industry with the means to manage business risks at this time of great uncertainty."

Steven Butler adds: Mr Peter Wildblood, chief executive of the International Petroleum Exchange in London, said there had been no suggestion by the British government that crude oil futures trading should be halted in London in the event of a war in the Gulf. He added that the IPE had received legal advise that the government lacked authority to close the market under these circumstances.

US moots ban on EC meat and poultry

By Nancy Dunne in Washington

US OFFICIALS, furious over the EC cut-off of US pork shipments instituted on Wednesday, are strongly considering moves which would result in a virtual ban on Community imports of meat and poultry.

The prohibition would mean the loss of a $400m market for EC producers. It would be instituted by the US Agriculture Department's Food Safety and Inspection Service, which must certify that importing nations have inspection systems similar to those of the US.

With the threat, the Administration is also sending a message to the Community that an outbreak of farm trade disputes can be expected if the Uruguay Round fails. In the Round, negotiators are considering the harmonisation of food safety rules.

US officials publicly attribute the row to the EC's building beef and pork stocks. However, the new ban would effect only $10m of American products.

The US has already lost most of its meat market in the EC to the Community's insistence on hormone free beef. Even plants which have been producing beef without hormones are due to be de-certified on December 31.

The nine US pork plants previously certified for export to the community were put on probation last March for lack of compliance with EC standards, including complaints about the US testing method for trichina, parasitic worms which live in man and other carnivores.

High level meetings during the summer failed to resolve EC concerns. In September and October EC inspectors revisited US pork plants and found them still out of compliance with EC standards.

The EC action was announced to Mr Clayton Yeutter, the US Agriculture Secretary, in a letter dated October 22 from Mr Ray MacSharry, the EC agriculture commissioner.

It said that inspectors re-visiting US plants had found "insufficient general hygiene and veterinary control, insufficient post-mortem inspections and trichinella treatment or inspection."

The USDA's Food Safety and Inspection Service has denied the legitimacy of the EC requirements, contained in the EC's Third Country Meat Directive, which governs its sanitary requirements. The most serious area of contention is in post mortem inspection procedures which the EC requires in far more detail than the USDA.

Watching the coconut barometer

Filipinos expect hard times ahead, Greg Hutchinson finds out why

FILIPINOS believe their country is in for hard times when the price of coconuts drops.

Mr George Uy-Tioco, president of Philippine Asia Equity Securities, uses the price of coconuts as a barometer of the health of manufacturers of consumer goods, such as San Miguel, the brewing conglomerate.

"There's supposed to be a great correlation between the price of coconuts and beer sales," Mr Uy-Tioco says.

"When the price of coconuts are high, the workers and farmers use the little they earn for a beer or two."

When coconut prices drop, beer is replaced by tuba, a head-busting wine made from the fermented sap of an embryonic coconut which imposes a high health cost.

A third of the nation's workforce is employed in the coconut industry, and with output up and export income from the commodity down, it is no wonder the stockbroker anticipates hard times ahead.

The Philippines is the largest producer of coconuts, accounting for 43 per cent of world output totalling 4.70m tonnes. Together with Indonesia, the two countries produce more than 70 per cent of the world's coconuts.

But the coconut's worth has fallen with reports linking its derivatives copra, copra meal, coconut oil and desiccated coconut with heart disease. Coconuts are said to be high in saturated fats. The industry says saturated fats fall into two categories, coconut fats representing a less harmful variety.

Preliminary Industry figures released this week showed coconut shipments from the Philippines fell by 2.1 per cent to 171,901 tonnes in September from 175,578 tonnes a year earlier. The figures were compiled by the United Coconut Association of the Philippines (UCAP), the country's main industry body.

In dollar terms, the value of shipments fell by 41.9 per cent to $36.82m (£18.60m) from $62.82m previously.

Shipments of copra doubled to 6,650 tonnes from 3,300, desiccated coconut exports rose by 12.4 per cent to 8,650 tonnes from 7,699, coconut oil edged up 0.8 per cent to 95,250 tonnes from 94,484, but copra meal fell by 23.7 per cent to 37,220 tonnes from 48,790. A harvest of 2.28 million tonnes has been forecast this year by UCAP – 20 per cent higher than last year's output.

The UCAP's executive secretary, Mr Ibon Agustin, says forecasts show output will continue apace, particularly in Mindanao, the Philippines second largest island, now accounting for half the nation's output. The island has had good weather and has younger, higher-yielding trees.

Meanwhile, local and overseas coconut prices remain soft and there is no news on the horizon suggesting an upturn.

The price of copra for January delivery is quoted at $212.50 per tonne cif; for February it is slightly higher at $317.50.

For 1990, the country expects to earn about $500m from the export of coconuts, a fall – in spite of an increase in volume – of 15 per cent.

Exports earnings of the electronics industry, employing a minute fraction of the 20 million people thought to be engaged with coconuts, is set this year to exceed that from coconut shipments by six-fold.

The 1989-90 drought in the Philippines appears not to have affected the country's sugar export earnings, which grew, according to the National Statistics Office, by 44 per cent in the seven months to the end of July.

Earnings growth was attributable both to higher world sugar prices and increased output, especially from Negros and Panay islands, where the drought from November 1989 to June this year was less severe than in Luzon.

Aggregate domestic shipments of sugar rose in value to $97.7m (fob), up by $29.8m in real terms, from last year's $67.9m. Export volumes rose by 34 per cent to 216,300 tonnes as of end-July from 161,100 previously.

The Agriculture Department has forecast that total countrywide production may reach 1.9m tonnes for the crop year ended August, up from 1.7m previously. The Philippines produces some 1.6 per cent of the world's sugar crop of 105.697m tonnes a year, although 10 years ago the country's output represented some 2.4 per cent of world production.

Soviets expect big grain harvest

By Leyla Boulton in Moscow

THE SOVIET UNION is likely to see a record grain harvest this year, but it will still need to import an estimated 30m tonnes of grain to meet its needs.

Mr Leonid Vashchukov, a senior official from the state statistics office, said yesterday that the harvest would amount to "roughly" 240m tonnes, up from a record of 237m in 1978.

In keeping with Soviet tradition however, 20 to 25 per cent of the crop has been lost through inefficiency. "It would be possible to collect more if the losses were not so big," he told Pravda. "In some places, losses took away a fifth of the harvest, in others a quarter."

The Soviet Union announced at the beginning of the summer that it faced a potential harvest of 260m tonnes and tried to draft city dwellers and the army into the countryside to help minimise the losses.

The figure announced yesterday tallies more or less with US Department of Agriculture estimates, which last put the Soviet grain harvest at 235m tonnes.

Although the Soviet Union has not yet put a figure on its import needs, the US government estimates these at 30m tonnes for the year ending in June 1991. Last year the Soviet Union imported 40m tonnes after its own grain harvest totalled just 211m tonnes.

Mr Vashchukov said farmers had delivered 65.8m tonnes of grain to the state - or 76 per cent of its purchase orders.

The Soviet government has already announced that it has no hard currency to pay for imports and will need foreign credits. But the US has made the Soviet parliament's approval of legislation allowing free emigration a condition for granting it food credits.

It is not yet clear when parliament will get round to examining the legislation although it may happen sometime this month.

The Soviet Union has meanwhile received credit offers from Canada and France, although no firm purchase agreements have emerged. According to the Department of Agriculture, the Soviet Union has already bought 400,000 tonnes of corn for this year from American companies without US government help.

The International Wheat Council yesterday estimated the Soviet grain harvest at 236m tonnes, near the 1978 record. But it warned that "an unusually large proportion, even for Soviet standards, will be lost through waste." The IWC has cut its estimate of Soviet wheat imports for 1990/91 to 13m tonnes from 15m tonnes, leaving total grain imports at 27m tonnes, compared with 38m tonnes last year.

Gulf crisis and earthquake hit gold output

By Greg Hutchinson in Manila

THE JULY earthquake and a foreign exchange and oil shortage as a result of the Gulf crisis are cutting output of Philippine gold.

Interviews with senior executives of two large and two medium sized gold mining companies showed that a 10 per cent government-imposed cut in supplies of oil and power to the mines had led each company to consider cutting production.

For Benguet Corp, Philex Mining Corp, and the smaller Itogon-Suyoc Mines, landslides caused by the earthquake initially halted and later reduced output by up to 50 per cent. Itogon recovered substantially, but Benguet and Philex are still reporting output shortfalls of more than 20 per cent.

Benguet produced 250,000 ounces of gold last year. Its underground operations, which usually account for about 120,000 ounces a year, may fall to 90,000 to 100,000 ounces by the end of the year. Philex is likely also to come in below its 118,500 ounce a year capacity, perhaps ending the year a shade above 100,000 ounces.

Itogon, which has returned to reasonably full operations, is likely not to fall far short of its 18,000 ounce a year capacity. United Paragon Mining, the other medium-sized company, was not affected by the earthquake and had been tipped to surpass its 1989 output of nearly 19,000 ounces. Both companies say the figures depend on oil, power and dollar shortages not forcing a slowdown or shutdown.

Itogon-Suyoc and United Paragon Mining are bearing the brunt of an acute foreign exchange shortage that has substantially reduced their ability to import production equipment such as drills.

By law, all gold mined in the Philippines has to be sold to the Central Bank, which pays the miner in pesos. Central Bank refined gold production totalled 746,218 troy ounces in 1989. The real figure of gold mined is well over 1m ounces, making the Philippines one of the world's 10 biggest gold producers. A large amount of gold is sold on the black market by gold panners and traders.

Banks have declined to sell dollars to gold miners to finance their essential imports, citing a government demand that dollars be reserved for imports of oil and for export-oriented industries. The gold industry is not included.

Mr Dennis Belmonte, president of Benguet, the largest gold miner in the country, and Mr Jerry Brimo, president of Philex, said they had not been affected in the same way because their copper exports – sold on the world market for dollars – easily paid for their imported gold mining equipment.

United Germany expects surplus

By David Blackwell

AN EXTRAORDINARY fall in grain consumption in east Germany, coupled with a large harvest, will lead to substantial net exports from the region and a steep increase in stocks, according to the International Wheat Council's latest grain market report.

The harvest of united Germany for 1990 is estimated at 37.6m tonnes, including 11.6m tonnes from east Germany. This makes the country the EC's leading producer of barley and the second ranking producer of wheat after France.

The IWC points out that east German wheat yields, at 5.4 tonnes a hectare, are about 15 per cent lower than those in west Germany.

However, an extensive setaside programme is being introduced in east Europe next year, which could take 750,000 hectares of arable land out of production. The output from east Germany will not be included in the EC stabiliser system, which sets a production threshold of 160m tonnes for 1991.

In 1989/90 east German imports of wheat, barley, maize and oats were about 1.8m tonnes. Since August, little grain has been imported, mainly because of a collapse in grain consumption in livestock feed. This has led to the loss of markets for 500,000 tonnes of maize, mainly from the US, and 600,000 tonnes of barley, mostly from Canada and Austria.

India to maintain earnings from cashew nuts

By Kunal Bose in Calcutta

INDIA is expecting a 25 per cent shortfall in its cashew crop this year, but hopes to maintain export earnings at the 1989 level.

World prices have increased sharply recently following a decline in production in the major producing countries.

Last year, India earned Rs3.55bn ($198m) by exporting 43,880 tonnes of cashew kernels. In 1988 the volume and value of exports were 32,143 tonnes and Rs2.59bn respectively.

Export figures for the first six months of 1990 show that despatches had improved by 13 per cent to 21,780 tonnes over the corresponding period of 1989. Improvement in export of cashew kernel is mainly attributable to an exceptional growth in demand of 144 per cent from east European countries.

The US, which is the single biggest market for Indian cashew kernel, has raised its imports by more than 30 per cent. There is also a marginal improvement in exports to south-east Asia and the Far East. However, Indian exports of cashew kernel were well down in the first half of 1990 in west Asia, western Europe and Australia.

Because of a short crop, India has decided to import 55,000 tonnes of raw cashew nut in 1990 for processing and re-export. Last year, import of raw cashew nut amounted to 42,219 tonnes.

The rate of recovery of kernel from raw nut is less than 25 per cent, but without big imports more than 500 processing units, mostly in the southern states of Kerala and Tamil Nadu, would be idle.

Industry sources, however, point out that with other major cashew nut producing countries having developed their own processing capacities, it is becoming increasingly difficult to organise imports. Though India is the largest producer of raw cashew nut in the world, firm data relating to the size of the crop are always difficult to come by. According to informed estimates, the present size of the crop is well below 300,000 tonnes.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices closed at a two-week low on the LME yesterday. The market weakened under general liquidation in the morning and traded in the range $2,575-$2,535 a tonne for three month metal following an easier Comex market and in anticipation of selling from Japan. Activity was also restrained by the All Saints holiday in many European centres. The market remains in a bear trend, with sentiment still reflecting poor fundamentals and the recessionary implications of a possible war in the Mideast Gulf, analysts said. Aluminium prices also retreated on news Kaiser Aluminum had reached a tentative labour pact with its unions, traders said. Market talk that today's LME stock figures will show a substantial rise contributed to the downturn. London robusta coffee futures closed well up after recouping early losses. The swing in the market's fortunes was due to a leading trading house selling January/March in the morning, thus depressing prices, only to buy back into the market in the afternoon, traders said. Prices also found support from New York, which in the morning held above 89 cents a lb for near December despite the sharp fall in London.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$30.65-0.75y	+0.50
Brent Blend (dated)	$35.60-5.70	+0.65
Brent Blend (December)	$34.60-4.70	+0.60
W.T.I. (1 pm est)	$35.35-5.40y	+0.75
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$363-368	+10
Gas Oil	$323-324	+13
Heavy Fuel Oil	$130-133	+2.5
Naphtha	$328-333	+14.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$380.25	+1.00
Silver (per troy oz)♣	419c	-3.00
Platinum (per troy oz)	$434.50	-6.00
Palladium (per troy oz)	$95.50	-1.25
Aluminium (free market)	$1945	+5
Copper (US Producer)	122⅝c	-¼
Lead (US Producer)	50c	
Nickel (free market)	402c	
Tin (Kuala Lumpur market)	16.48r	+0.13
Tin (New York)	289c	-4.00
Zinc (US Prime Western)	70c	
Cattle (live weight)†	104.54p	+0.67*
Sheep (dead weight)†	145.52p	+13.9*
Pigs (live weight)†	70.77p	+1.01*
London daily sugar (raw)	$251.8q	+2.20
London daily sugar (white)	$303.0q	-8.00
Tate and Lyle export price	£238.50	+2.00
Barley (English feed)	£118.25v	
Maize (US No. 3 yellow)	£156.00	
Wheat (US Dark Northern)	£87	
Rubber (Dec)♥	51.25p	+0.50
Rubber (Jan)♥	51.50p	+0.50
Rubber (KL RSS No 1 Nov)	240.5m	+1.50
Coconut oil (Philippines)§	$285.0w	-5.00
Palm Oil (Malaysian)§	$310.0v	+10.0
Copra (Philippines)§	$212.5t	
Soyabeans (US)	£139.5	+1.50
Cotton "A" index	83.05c	
Wooltops (64s Super)	406p	-1.00

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Jan. u-Oct/Dec v-Nov. w-Dec/Jan z-Jan/Mar y-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Dec	225.00	218.00	215.00	
Mar	218.00	211.40	218.00	210.80
May	218.80	212.40	218.40	212.00
Aug	221.00	215.80	220.00	213.40
Oct	221.00	215.60	220.00	213.80
Dec	219.00		208.00	206.00
Mar	219.00		213.60	
White	Close	Previous	High/Low	
Dec	302.5	298.5	302.5	298.0
Mar	301.0	296.0	301.0	294.5
May	300.5	295.5	299.0	294.0
Aug	304.5	299.5	302.5	297.5
Oct	287.5	283.6	288.0	282.5
Dec	284.5	280.5	282.5	280.0
Mar	285.0	280.0	281.9	280.2

Turnover: Raw 1731 (1391) lots of 50 tonnes. White 726 (805)
Paris- White (FFr per tonne): Dec 1505 Mar 1494. May 1495. Aug 1525. Oct 1452

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Dec	34.65	33.60	35.18	34.50
Jan	33.25	32.30	33.80	33.00
Feb	32.00	30.85	32.15	31.65
Mar	29.95	29.50	29.95	
IPE Index	33.74	34.73		

Turnover: 9892 (10106)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low	
Nov	307.00	295.00	317.00	303.00
Dec	296.75	286.00	305.00	293.75
Jan	287.00	276.75	290.00	284.00
Feb	270.00	261.25	273.00	270.00
Mar	257.00	248.00	260.00	252.00
Apr	242.00	234.00	249.75	242.00

Turnover 8775 (10073) lots of 100 tonnes

FRUIT & VEGETABLES
Apples are abundant this week, including English Cox at 35-45p a lb (35-45p) reports the FFVIB. Comice pears at 35-45p a lb are a good buy along with bananas, pomegranates and satsumas. Baking potatoes at 12-15p a lb (12-15p), pumpkin at 20-30p a lb (20-30p). Brussel sprouts at 25-40p a lb (35-45p) along with all other root vegetables are star buys this week. Tomatoes at 45-70p a lb (45-70p) continue to be a best salad buy, together with Chinese leaves at 65p-£1.20 a head (65p-£1.20) and Spring onions at 25-35p a bunch.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
Dec	665	636	660	648
Mar	697	682	705	691
May	725	712	733	720
Jul	750	738	754	747
Sep	774	758	778	770
Dec	802	784	807	796
Mar	827	806	834	829

Turnover: 4502 (9438) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 31 864.78 (875.12) 10 day average for Nov 1 894.31 (898.58)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low	
Nov	575	552	576	539
Jan	599	578	597	559
Mar	577	563	577	556
May	589	576	578	571
Jul	603	595	592	590
Nov	636		625	

Turnover: 6983 (6846) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 31: Comp. daily 72.44 (73.09). 15 day average 73.51 (73.65)

POTATOES – BFE (£/tonne)	Close	Previous	High/Low	
Nov	84.9	80.0	82.0	80.0
Apr	142.5	143.5	143.0	142.0

Turnover 94 (146) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)	Close	Previous	High/Low	
Feb	121.50	121.50	121.50	120.50
Apr	124.50	124.00	124.50	
Jun	124.00	123.00	123.50	
Oct	127.00		128.00	

Turnover 172 (257) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)	Close	Previous	High/Low	
Nov	1318	1283	1315	1285
Jan	1260	1251	1283	1250
Apr	1235	1210	1239	1210
Jul	1065	1055	1065	
Oct	1177		1180	
BFI	1311	1309		

Turnover 189 (74)

GRAINS – BFE (£/tonne)				
Wheat	Close	Previous	High/Low	
Nov	114.75	114.60	114.75	114.60
Jan	119.25	119.10	119.25	119.10
Mar	123.10	122.95	123.10	122.95
May	126.50	126.40	126.50	
Barley	Close	Previous	High/Low	
Nov	113.55	113.75		
Jan	117.30	117.40		

Turnover: Wheat 293 (371). Barley 0 (30).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low	
Nov	194.0	195.5	194.1	193.5
Feb	192.5	192.5	191.5	

Turnover 27 (30) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 20,294 lots		
Cash	1913-8	1948-50	1950/1940	1940-5		
3 months	1722-4	1752-3	1765/1724	1745-50	1732-5	70,724 lots
Copper, Grade A (£ per tonne)				Total daily turnover 29,103 lots		
Cash	1327-9	1363-5	1343	1343-4		
3 months	1316-8	1350-1	1334/1318	1330-1	1318-9	113,084 lots
Lead (£ per tonne)				Total daily turnover 2,033 lots		
Cash	368-70	372-3	370.5	370.5-1		
3 months	372-3	375.5-5	378/374	375-5.5	372-3	10,757 lots
Nickel ($ per tonne)				Total daily turnover 1,212 lots		
Cash	8675-725	8650-700	8700	8650-700		
3 months	8300-10	8300-25	8350/8250	8300-25	8325-75	7,859 lots
Tin ($ per tonne)				Total daily turnover 929 lots		
Cash	6270-80	6320-40	6220	6220-5		
3 months	6250-60	6280-300	6280/6205	6200-5	6230-40	4,688 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 3,515 lots		
Cash	1293-5	1295-7	1303/1300	1300-1		
3 months	1288-90	1293-5	1310/1290	1295-6	1292-5	18,960 lots

LME Closing £/$ rate:
SPOT: 1.9470 3 months: 1.9212 6 months: 1.8981 9 months: 1.8802

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	380-380½	195-195½
Opening	378¼-378¾	195½-196
Morning fix	380.10	196.688
Afternoon fix	380.40	194.877
Day's high	381¾-382¼	
Day's low	377½-378	

Coins	$ price	£ equivalent
Mapleleaf	389-394	198-201
Britannia	389-394	198-201
US Eagle	389-394	198-201
Angel	389-394	198-201
Krugerrand	379-382	193-195
New Sov.	89-91	45-46½
Old Sov.	89-91	45-46½
Noble Plat	439.70-446.70	226.60-230.20

Silver fix	p/fine oz	US cts equiv
Spot	216.20	418.10
3 months	223.55	426.55
6 months	230.50	435.00
12 months	243.20	451.15

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
550	55	49	8	22
600	24	25	27	48
650	8	12	61	85
Cocoa	Dec	Mar	Dec	Mar
650	59	76	0	29
700	24	49	9	52
750	7	31	52	84
Brent Crude	Dec	Jan	Dec	Jan
3000	75		25	
3050				
3100				

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Nov	381.5	379.4	0	0
Dec	383.1	381.3	385.8	381.6
Jan	385.1	383.3	0	0
Feb	387.0	385.2	389.8	385.5
Apr	390.5	388.7	393.5	389.2
Jun	394.3	392.6	396.2	393.0
Aug	398.0	396.4	400.0	400.0
Oct	402.0	400.4	0	0
Dec	406.0	404.4	406.0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	436.5	438.4	437.5	431.0
Apr	441.0	443.4	442.0	436.0
Jul	444.0	448.6	447.5	444.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Nov	423.0	415.3	0	0
Dec	425.6	418.0	434.0	417.5
Jan	427.8	420.0	0	0
Mar	434.8	427.2	442.0	427.0
May	440.9	433.1	447.0	433.5
Jul	447.0	439.1	451.0	439.0
Sep	453.3	445.4	0	0
Dec	462.0	454.1	463.0	455.5
Jan	464.6	456.7	0	0
Mar	471.4	463.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	114.65	117.25	115.50	114.50
Dec	113.50	115.75	114.50	113.00
Jan	112.20	113.55	0	0
Mar	109.70	110.60	110.30	109.00
Apr	108.80	109.60	0	0
May	107.95	108.60	108.40	107.30
Jun	107.40	107.80	106.80	0
Jul	106.60	106.90	105.20	0
Aug	105.85	106.20	105.40	0
Sep	105.10	105.50	104.00	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Dec	34.70	35.23	35.85	34.40
Jan	33.50	33.97	34.65	33.30
Feb	31.90	32.44	33.10	31.75
Mar	30.55	31.16	31.60	30.55
Apr	29.70	30.01	30.30	29.65
May	28.60	29.08	29.35	28.50
Jul	27.00	27.58	27.90	27.25
Aug	26.80	27.00	27.20	26.70
Sep	26.28	26.52	26.70	26.28

HEATING OIL 42,000 US galls. cents/US galls	Latest	Previous	High/Low	
Dec	9010	9113	9310	8980
Jan	9045	9122	9320	9030
Feb	8855	8948	9150	8855
Apr	8130	8165	8170	8160
Jun	7655	7845	7738	7650
Jul	7470	7555	7650	7460
Aug	7600	7580	7600	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1161	1153	1172	1153
Mar	1222	1213	1232	1217
May	1263	1254	1270	1257
Jul	1297	1290	1304	1295
Sep	1329	1322	1338	1337
Dec	1368	1360	1368	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	88.85	90.50	89.95	88.75
Mar	92.50	94.10	93.70	92.50
May	94.95	96.45	95.80	94.80
Jul	97.00	98.45	97.80	97.00
Sep	99.10	100.50	99.90	99.10
Dec	101.15	103.15	102.60	102.50
Mar	105.00	106.25	105.00	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	9.73	9.42	9.78	9.40
May	9.77	9.47	9.79	9.45
Jul	9.77	9.52	9.80	9.47
Oct	9.76	9.50	9.80	0
Mar	9.83	9.61	9.55	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Dec	74.80	75.03	74.93	74.55
Mar	74.80	74.95	75.00	74.55
May	75.00	75.13	75.15	74.82
Dec	66.30	66.40	66.60	66.30

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	115.85	115.25	116.10	114.00
Jan	112.45	112.20	112.90	110.25
Mar	112.90	112.90	113.00	110.75
May	113.00	113.00	112.75	111.50
Jul	113.15	113.10	113.00	113.00
Sep	113.25	0	112.75	112.50

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov 1	Oct 31	mnth ago	yr ago
1725.7	1724.3	1765.0	1856.9

DOW JONES (Base: Dec. 31 1974 = 100)	Oct 31	Oct 30	mnth ago	yr ago
Spot	125.03	125.35	128.53	131.01
Futures	127.86	128.23	131.31	129.91

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Nov	596/0	592/0	600/0	592/0
Jan	612/4	609/2	616/2	608/4
Mar	627/0	624/4	630/6	623/0
May	639/4	636/2	643/0	636/0
Jul	649/2	646/2	653/2	646/0
Aug	648/2	645/4	651/0	646/4
Sep	625/0	622/0	629/4	625/0
Nov	615/4	615/2	618/4	615/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	21.65	21.78	21.82	21.58
Jan	21.95	22.08	22.10	21.89
Mar	22.40	22.53	22.55	22.35
May	22.85	22.94	22.95	22.75
Jul	23.10	23.18	23.20	23.00
Aug	23.04	23.14	23.15	23.00
Sep	22.95	23.05	23.10	22.90
Oct	22.65	22.70	22.65	22.60

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	180.3	178.2	181.4	178.2
Jan	182.5	180.5	183.6	180.6
Mar	186.6	185.1	187.7	184.6
May	188.8	187.4	189.9	186.5
Jul	191.1	189.6	192.3	189.2
Aug	191.5	189.5	192.0	189.5
Sep	188.5	187.4	189.0	188.0
Oct	184.2	184.4	184.8	184.2

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	229/6	229/2	232/2	228/2
Mar	239/4	239/2	241/4	239/0
May	246/2	245/4	248/0	245/4
Jul	250/6	250/0	252/4	250/0
Sep	249/0	248/6	251/0	249/0
Dec	249/4	248/6	251/0	248/2
Mar	256/0	254/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	282/2	282/0	285/0	281/0
Mar	278/6	276/4	278/4	276/0
May	285/4	285/2	287/0	283/0
Jul	289/2	288/4	290/6	287/4
Sep	294/4	294/0	295/0	293/4
Dec	305/6	305/0	306/0	305/6

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	77.00	77.45	77.62	76.85
Feb	74.62	74.90	75.05	74.57
Apr	74.85	75.22	75.30	74.80
Jun	72.77	73.10	73.15	72.67
Aug	71.30	71.52	71.70	71.30
Oct	71.50	71.65	71.65	71.50
Dec	72.35	72.27	72.35	0

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	52.22	51.77	52.40	51.60
Feb	49.95	49.95	50.45	49.70
Apr	47.05	47.07	47.45	46.77
Jun	50.65	50.77	51.20	50.60
Jul	51.25	51.30	51.55	51.10
Aug	49.50	49.50	49.70	0
Oct	44.60	44.70	44.85	44.60
Dec	44.75	44.72	44.85	44.75

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	62.45	61.25	62.72	61.15
Mar	61.45	60.65	62.15	60.60
May	61.57	60.67	62.05	60.45
Jul	60.70	59.80	61.20	59.70
Aug	58.20	57.70	58.70	0

LONDON STOCK EXCHANGE

Treasury chills interest rate optimism

A FORTHRIGHT dismissal from both the UK Treasury and the Bank of England of the market's interest rate hopes put UK equities smartly into reverse yesterday. Rises in key interest rates both in Germany and the Netherlands served to complete London's unease on this front, while the general tone of equities was depressed by increasingly aggressive statements on the Gulf situation from both the US President and the Iraq government.

The Treasury's declaration, quickly buttressed by the Bank, that domestic rates would not be reduced again "until it is safe to do so" appeared to be a riposte to an equity market which was disinclined to abandon hope that the pleas for lower rates by the Confederation of British Industry might bring an early response from the authorities.

Account Dealing Dates

*First Dealings:		
Oct 22	Nov 5	Nov 19
Option Declarations:		
Nov 1	Nov 15	Dec 6
Last Dealings:		
Nov 2	Nov 16	Dec 7
Account Day:		
Nov 12	Nov 26	Dec 17

*New-time dealings may take place from 8.30 am two business days earlier.

Shares prices opened lower yesterday but had quickly rallied after several market strategists repeated their conviction that base rates would be cut again before the end of the year, perhaps by a full point. The market had recovered most of an initial 10-point fall before being turned smartly down again on the Treasury's warning.

Interest rate optimism receded further as the session progressed and German and Dutch rates were raised: the Bundesbank increased the Lombard rate by half-a-point to 8.5 per cent.

However, little heed was paid to reports from across the Atlantic – soon denied – that an emergency meeting of the Federal Reserve Board was planned following the release yesterday of the latest US economic statistics.

A modest rally when Wall Street opened higher was thwarted as New York slipped back by four Dow points in London hours. The final reading showed the FT-SE Index at 2,028 exactly, down 22.3 to virtually the day's low point. Nervousness regarding the survival of the FT-SE 2,000 level revived, and some analysts continued to predict a fall to the 1,880 area.

Bearish views on interest rates were not the only discouraging factor, however. In addition to the heightened tensions in the Gulf, which moved Brent oil prices above $35 a barrel, concern over the implications for British companies of the slowdown in the domestic economy continued to flow.

Another round of profits downgradings by brokerage houses for leading companies was headed by further bearish views on BTR, the conglomerate, which has featured repeatedly as London brokers have down-rated the UK equity market. Confidence was not helped by news, late in the session, of the resignation of senior boardroom executives at Bunzl, the UK paper group, or by a bearish statement from Akzo in Holland. Reports were circulating in the market at the close that another leading UK company, a member of the FT-SE 100 list, was about to announce substantial labour cutbacks.

But overall there was little sign of increased selling pressure and the day's Seaq total of 373.7m shares, against the 384.7m of the previous session, remained unimpressive, although there was an absence of the large-size deals seen earlier this week.

Dealers commented that the announcement yesterday of oversubscription for the underwriting of National Power's £1.5bn five-year credit indicated the ready availability of institutional cash when fund managers see an acceptable opportunity. The liquidity ratio in most major UK investment funds is thought to be high, perhaps around 7 per cent to 8 per cent.

FINANCIAL TIMES STOCK INDICES

GILT EDGED ACTIVITY

*SE Activity 1974. *Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Xerox disposals help Rank

RANK Organisation recovered from recent weakness as its associate, Rank Xerox, sold operations in Australia, Malaysia, New Zealand and Singapore to its 50 per cent-owned Japanese associate, Fuji Xerox. Rank Xerox will receive £135m, of which Rank Organisation will get £48.5m. The latter consolidated £4.4m of post-tax earnings from these operations in 1989.

Ms Jane Anscombe at BZW said this was "good news" which would cut gearing from 45 per cent to 42 per cent and provide a way of valuing Rank Xerox at more than £1bn.

Rank moved ahead 6 to 559p, while A. Kershaw, 80 per cent-owned by Rank and with an interest in about 6 per cent of Rank Xerox's profits, climbed 20 to 460p.

Sights lowered

A recasting of analysts' expectations for the group for this year and next put Harrisons & Crosfield down sharply. For the second time this week above-average turnover was recorded in the shares and brought a further sharp loss of 11 to a 3½-year low of 116p. Trading volume was 3.3m.

Researchers are now aware that the Harrisons' businesses are being seriously affected by the weaker economic outlook on both sides of the Atlantic. Interest charges are rising and the group has not yet disposed of any property.

According to analysts, this has necessitated a revision in profits forecasts for the group. The market range of 1990 profits had been £130m to £150m; now the bottom figure is down to £105m, but the heaviest cuts are for the following year. One investment house pared its estimate to £110m from £150m.

Bunzl resignations

The announcement of the resignation of the chairman and chief executive of Bunzl, along with other members of the board, came just minutes before the market closed. The official final price was 57p, down 3 on the day, but Mr John Kenny of BZW said that after-hours trading was around a mid-price of 43p. "At that level we would buy the stock," he added. "Management changes are potentially good for shareholders."

The electronics and aerospace sectors suffered as gathering economic storm clouds were acknowledged by a rash of reduced profit forecasts and broker Hoare Govett said it was beginning to "run the red pencil" through all the stocks it reviews.

Following a downgrading on BICC, which eased 3 to 313p after heavy slides on Tuesday and Wednesday, it cut its figures on Cable and Wireless (off 2 at 404p), GEC (2 easier at 182p), Hawker Siddeley (down 7 at 405p), the Racal twins (Racal Electronics fell 8 to 156p and Racal Telecom shed 7 to 264p) and British Telecom (3¼ lower at 259½p on a turnover of 6.5m). BT was supported to some extent by optimism over the second quarter results, which come out next week, and speculation about staff rationalisation.

Further consideration of Glaxo's measured annual meeting statement on Wednesday left the shares vulnerable to the market's weakness, and they fell 16 to 754p. A stock shortage was said by traders to have been behind ICI's rise of 10 to 843p. Turnover was a slim 574,000.

Allied Irish Banks firmed 2 to 154p after First Maryland, its US subsidiary, withdrew its $17 per share offer for Baltimore Bancorp.

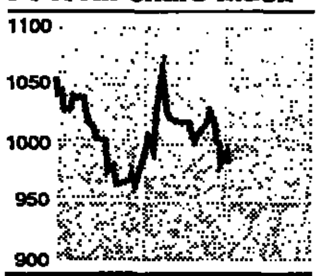
Other financials were weaker as market optimism over an early cut in interest rates faded. Standard Chartered fell 10 to 248p, Legal & General declined 5 to 352p, Sun Alliance was off 9 at 291p and Prudential retreated 5 to 191p.

Redland lost 14 to 540p after two brokers' downgradings, while RMC dropped 20 to 559p. Building and civil engineering contractors J. Smart reported an increased final dividend and higher profits for the year; the shares hardened 2 to 158p.

Housebuilders Westbury slipped 8 to 172p in reaction to half-year profits down 70 per cent. The interim dividend was left unchanged. The company said prospects remained difficult, and would continue to be so until home buyers regain confidence.

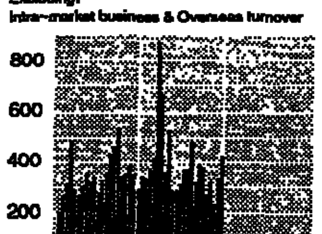
One of the very few bright spots on the day was Benjamin Priest, the specialist engineer, which jumped 21 to 111p on a turnover of 4.5m – very heavy for the stock – following a bid from International Marine, a US marine equipment group.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



International Marine launched its bid at 112p per share and the stock saw momentary backwardation when shares could briefly be bought from one marketmaker and sold at a higher price to another.

The announcement that the Ministry of Defence had put off a large tank order affected Vickers and the shares dipped 6 to 175p. British Aerospace, which has the contract to make the gun barrels for the new tanks, shed 8 to 538p.

Siebe, which has swung recently as investors fail to make up their minds whether or not it has been oversold, bounced back 12 to 269p on a turnover of 1.6m – heavy for the stock – after BZW changed its recommendation from a sell to a buy.

An analysts' visit, which was generally viewed as very positive, to the new terminal at Stansted Airport failed to prevent BAA losing 8 to close at 360p on a heavy turnover of 5.2m. The share price picked up 6 to 374p on early trading but fell back sharply with the general bad news that hit the market at midday.

Eurotunnel crumbled by 20 points to 470p in very thin trading. News of a small fire in the tunnel affected sentiment on a day when the French market, which does most of the Eurotunnel business, was closed for a public holiday, analysts said.

Much of the stores sector was depressed by the belief that there would be no immediate change in interest rates. Argos eased 5 to 240p and Dixons was off 5 at 142p, while Kingfisher edged 7 lower to 380p. However, Great Universal Stores, a tightly held stock, rose on the recent strong results from Marks and Spencer. Gus "A" added 7 at 1090p.

Tesco put on 3 to 229p after UBS Phillips & Drew hosted a meeting for institutional investors with the UK food retailer. "Tesco was very positive and continues to trade well," said Ms Jill Johnson of Phillips & Drew.

Unilever weakened 15 to 648p on signs of switching out of the plc and into the NV. Analysts said that with Unilever's results on November 9, investors had been attracted by the faster rate of dividend growth.

Hillsdown retreated 7 to 255p on talk that two brokers had lowered their forecasts, although this turned out to be incorrect.

Takare, the private nursing homes operator, is normally a thinly traded market but dealers yesterday reported good interest. Most of it was on the buy tack and the shares advance 12 to 164p. BZW, the investment bank, was probably responsible for drawing the attention of investors to the stock.

It said Takare has established a unique operation and looks set to be a major beneficiary both of the changes which are occurring in the National Health Service and the demographics which are set to force such changes. BZW continued to view the shares as exceptionally attractive.

Seton Healthcare improved to 143p on the acquisition of the "Slinky" brand of conforming bandages, including the trademark, manufacturing and distribution rights, from Cuxson Gerrard for £1.25m.

The gloom hovering over Avon Rubber deepened. Once again dealers showed unwillingness to increase adequate book positions, and relatively small sales knocked the shares down 16 more to 269p. Said one trader, there are too many stale bulls around who, until recent financial events in Sweden, were hoping for a bid from Trelleborg, which holds a stake in Avon.

Cookson resisted the general market trend as investors continued to scent recovery prospects after the recent sale of its 50 per cent interest in Tioxide. Cookson shares rose to 84p before closing 3 up on the day at 82p.

The firming crude price kept oil majors clear of the market's decline. Shell and British Gas each added a penny at 445p and 216p respectively, while Lasmo and Enterprise firmed 2 apiece to 440p and 633p.

Monarch Resources, the London-quoted gold mining company operating in Venezuela, posted an interim loss of $3.8m, compared with a profit of $281,000 over the previous comparable period. The shares fell 20 to 235p.

Scottish Television rose in the wake of recent analysts' visits to the company. Scottish has been telling researchers of its case for keeping its television franchise next year. The shares added 8 at 492p.

Worries over how the hotel trade would be affected by the recession left Trusthouse Forte 10 lower at 250p.

Continued selling of Brent Walker shares by Friends Provident pushed them 6 lower to 50p. Brent said Friends Provident had earlier in the week sold 300,000 shares, or 0.6 per cent, leaving its holding at 2.69 per cent.

USM-quoted Expedier, which provides services to the sporting, entertainment and exhibition industries, spent £240,000 on a 19.9 per cent interest in EGP Sports. It involved the issue of 403,000 Expedier shares at just less than 35p and the price slipped 2 to 36p.

Christies International bucked the market trend with a rise of 4 to 224p. ADT, the Bermuda-based conglomerate, said it had increased its stake by 0.6 per cent to 23 per cent, or 39.8m shares. ADT eased 2½ to 111p.

Trading volume was again low in leading property stocks. There were suggestions that marketmakers may be short on some of the larger concerns, primarily as a defensive measure, on fears that the current Middle East crisis may develop into open conflict and drive prices into lower ground.

Markheath Securities rose 4½ to 33p, recovering some composure as market fears receded that Adelaide Steamship may be thinking of selling its 50 per cent stake in the company. Frogmore Estates, part-owned by Markheath, rose 6 to 261p.

Leading water issues lost ground in line with the generally sombre mood of the market. Sentiment was also affected by fears that investors would soon move funds out of water companies in order to raise cash for the forthcoming electricity privatisation issues.

The Water Package suffered badly, losing £40 to £2240, while Welsh Water finished 9 down at 242p. North West Water announced a conditional agreement to acquire three companies in the fields of water and waste water disposal, which currently form the environmental division of engineering and services concern Jones Group. North West closed 4 lower at 230p.

■ Other Market statistics, including the FT-Actuaries share index, Page 27

TRADING VOLUME IN MAJOR STOCKS

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (9).
BRITISH FUNDS (4) STORES (2) TRUSTS (2) WATER (1).
NEW LOWS (182).
AMERICANS (4) CANADIANS (1) BANKS (7) BREWERS (1) BUILDINGS (11) CHEMICALS (5) STORES (4) ELECTRICALS (11) ENGINEERING (8) FOODS (4) HOTELS (2) INDUSTRIALS (38) Abbeycrest, Alexandra Workwear, Anglo United, Associated Farmers, Avon Rubber, BET, BTR, BTR Nylex, Bluebird Toys, Bridon, Brown & Tawse, Bullers, Business Technology, Cannon Street Invs., Carbo, Dauphin, Elkem, Erskine House 7¼pc Prf., Expamet Intl., French (Thos.), Gestetner, Hafslund Nycomed A, Handley-Walker, Harrisons & Crosfield, Hewtal Whiting, ISA Intl., Linton Park, Piston Ind., RPS, Reuters, Rexmore, Scottish Heritable Trust, Securiguard, Sterling Inds., Third Mile Inv., UDO, Westerly, Wyko, YRM. INSURANCE (1) LEISURE (4) MOTORS (4) NEWSPAPERS (6) PAPERS (7) PROPERTY (4) TEXTILES (1) TRANSPORT (4) TRUSTS (24) OILS (4) OVERSEAS TRADERS (2) MINES (3) THIRD MARKET (1).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

1990 High	Low	Stock	Price £	+ or –	Yield (1)	Yield (2)
124⅛	110¾	(EN-)Tr. 2pc '92‡(97.8)...	124⅛	......	2.26	4.17
115	103¾	(EN-)Do. 2 '94(102.9)...	114½xd	–⅛	3.24	3.98
166⅛	150¾	(EN-)Do. 2pc '96(67.9)...	166⅛	......	3.53	4.00
134⅛	123½	(EN-)Do 2½pc '01(78.3)...	134⅛	–⅛	4.13	4.41
130⅞	119⅞	(EN-)Do. 2½pc '03(78.8)...	130½xd	–⅛	4.18	4.43
132⅛	122	(EN-)Do. 2pc '06(69.5)...	131½	–⅛	4.23	4.43
123⅛	113⅛	(EN-)Do. 2½pc '09(78.8)...	120⅛xd	–⅛	4.25	4.44
128⅛	117¼	(EN-)Do. 2½pc '11(74.6)...	124⅞	–⅛	4.24	4.42
107⅛	97⅝	(EN-)Do. 2½pc '13(89.2)...	103⅛	–⅛	4.21	4.37
115⅛	105⅛	(EN-)Do. 2½pc '16(81.6)...	110⅝	–⅛	4.17	4.32
113⅛	102¼	(EN-)Do. 2½pc '20(83.0)...	106⅞	–⅜	4.18	4.27
95⅛	86⅛	(EN-)Do. 2½pc '24‡(97.7)...	89⅝	–⅛	4.07	4.19

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1990: 120.2 and for September 1990: 129.3.

INT. BANK AND O'SEAS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100⅝	84⅛	African Dv Bk 11¼ Ln 2010 ...	91⅛	–⅛	12.11	12.22
98¾	80⅛	Asian Dev Bk 10⅛pcLn2009...	87⅛	–⅛	11.68	11.89
110⅛	80⅛	Int-Am Dev Bk 12½pc 2003...	101⅛	–⅛	12.29	12.21
91⅛	76⅛	Do. 9¼pcLn 2015........	82¾	–⅛	11.78	11.93
110	55	Utd. Mexican States 16½pc 2008	109	......	15.14	14.90

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

Chairman of Capital & Counties

■ Mr Donald Gordon has been elected chairman of CAPITAL & COUNTIES, succeeding Mr Dennis Marler who has retired. Mr Gordon has been a director since 1982, and is also chairman of TransAtlantic Holdings, the majority shareholder in Capital & Counties. TransAtlantic Holdings is an associated company of the Liberty Life Group, of which Mr Gordon is the founder and chairman. He is also a director of Guardian Royal Exchange.

■ Mr Tom Roehricht has been appointed marketing director of SPEEDO (EUROPE).

■ Dr W.A.M. Duncan has been appointed chairman and chief executive officer of IMMUNOLOGY, Cambridge. He was chairman and chief executive of Coopers Animal Health. Mr Gerard Fairtlough has been appointed a non-executive director. He recently retired as chief executive of Celltech Group.

■ Miss Jan Wickenden has been appointed finance director of THE RYVITA COMPANY. She has been with the company for 24 years.

■ Mr Ian Campbell has been appointed chief executive of RICHARDS, a Storehouse company, from November 12. He was buying and merchandising director of Scottish retail chain Mackays.

GENERAL ELECTRIC COMPANY (USA) has appointed Mr Ronald R. Pressman (pictured) as general manager, central and eastern Europe area operations, GE International, a new post based in London. He was manager-finance and business support-Europe.

■ BANKERS TRUST COMPANY has appointed Mr Robert J. Kidson as a managing director, structured debt and private equity group. He was a director with Salomon Brothers International.

■ Mr Stuart Cruickshank has been appointed finance director of HAAGEN-DAZS UK, a subsidiary of the US ice-cream maker. He was with US-based Grand Metropolitan food sector as audit director - Europe. Häagen-Dazs is a wholly-owned subsidiary of Grand Metropolitan.

■ J. JARVIS & SONS, has appointed Mr Michael Williams as commercial director. He was south east regional director, Alfred McAlpine. Mr Chris Thomas becomes chief accountant. He was financial controller of Webb Construction, a Jarvis subsidiary.

■ Mr Steve Scott has been appointed managing director of HADEN DRYSYS, Birmingham, a subsidiary of Haden MacLellan Holdings. He was director and general manager.

■ HMV, a Thorn EMI company, has appointed Mr Glen Ward as business development director. He was head of buying and marketing at Our Price Music.

■ CONFEDERATION OF BRITISH INDUSTRY has appointed Mr Simon Askins as director, southern region.

■ TOUCHE REMNANT INVESTMENT MANAGEMENT has appointed Mr Peter Bassett as a director.

■ Mr Christopher C. Powell has been appointed chairman of the BRITANNIA GROUP, succeeding Mr James M. Sugrue who remains as a non-executive director. Mr Powell, who has been a non-executive director since 1986, is also chairman of Wyevale Garden Centres, and Empire Stone.

■ CITY & METROPOLITAN BUILDING SOCIETY has appointed Mr Roger Miller as a non-executive director. He is a chartered surveyor.

Mr Jan Kvarnstrom (pictured) has been appointed senior vice president and general manager to run the new London branch of the Swedish bank NORDBANKEN. Mr Bengt Witting becomes vice president. Two directors of its merchant banking subsidiary, English Trust Co, have been transferred to the new branch. They are Mr Nick Sabin and Mr John Gilmour, who become senior vice presidents, for banking and treasury operations respectively.

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¾	£9	ABN Amro Fl5	£9¾		Q28%	2 1	8.9	5.3
303	153	ANZ SA1	153	–1	44c	1 4	11.7	6 1
233	172	Abbey National 10p	210	–2	5 7	4 3	3.6	8 5
274	128	Allied Irish Ord	154	+2	Q40%	3 3	5 8	7 0
85	47	Anglo Irish	53	....	‡Q18 7%	2.7	7.9	7 6
93	61	Ansbacher (H.) 1p	63	–2	2.5	1 3	5 3	18.1
£71¾	£32½	Bancaire Cie Fr100	£43¾	+1½	Q12¼%	–	3.0	–
£22¾	£13¾	Banco Bilbao Viz.	£14½	–⅛	Q49.1%	2.7	5.5	9 9
286	136	Bank Ireland Ir£1	154	+2	Q14.7%	2.9	8.5	5.4
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	.....	†15 0	–	5 7	–
129½	100	Bank Scotland	101	–3	t4.55	3 4	6.0	6.4
100¾	83¾	Do. 9¼pc Irrd Pf.	94½	–½	9¼%	–	13.1	–
54	39	Bank of Wales	42	....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	329	–6	t‡19.57	3 5	7 9	4 6
22	11	Benchmark 20p	11	..	0 75	–	9 1	–
335	238	Brown Shipley £1	244	+4	12 0	2 2	6.6	7.9
435	285	Cater Allen £1	342	+1	N24.5	–	9.6	–
179	37	Chancery	37	..	9 0	2.7	–	1.5
£23¼	£15	Commerzbk DM10	£15	–¼	Q18%	–	4.3	–
£13¾	620	Dai Ichi KBk Y50	666	–40	Q17%	6 2	0 5	31 4
£195¼	£194¾	Deutsche Bk DM50	£202¼	–⅝	Q28%	–	2.3	–
£20⅝	£14⅝	Espirito Santo	£15⅝	.....	Q75c	5.1	2.4	8.0
253	166	First Nat. Fin 10p	179	+5	13 0	2.1	9.7	6.2
121	82	FNFC 6.3pc Cv Pf	89	+3	6 3%	–	9.4	–
£13⅛	633	Fuji Bank Y50	751	–51	Q17%	●	0 5	●
325	262	Gerrard & National	284	.	19 0	–	8 9	–
154	88	Guinness Mahon 10p	89	......	2 1	–	3 1	–
328	194	Hambros 20p	220	..	11 5	–	7.0	–
128	88	Do 7.5pc Cv Pf	94	....	7½%	–	10.6	–
531½	301½	HK & Shang. HK$2.50	301½	–½	t‡Q38c	–	8 4	–
478	378	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	118	.....	10.25	–	11.6	–
422	262	Kleinwort Benson Grp	277	+1	16 0	2.5	7.7	6 6
642	316	Kyowa Bank Y50	371	–25	Q14%	●	0 8	●
316	182	Lloyds £1	250	–4	t13 3	2 6	7.1	5 9
56	44	Lon. Scot. Bank 10p	48	....	t2 4	1 9	6 7	9 5

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

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MOTORS, AIRCRAFT TRADES — Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

For KCA Drilling see Blystad Group

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
6¼	3½	Moray Firth 1p.....y						–
45	25	Navan Resources...y	25					–
57	21	Ovoca Gold IR 2p...y	23					–
72	22	Oxford Virology 5p...y	22					–
83	61	Poddington 5p.	77					–
118	65	Ramsden's (Harry)...y	70		L4.5	1.1	8.6	13.8
60	24	Rentaminster 5p...y	24		‡a1.85	2.8	‡	4.7
38	7	Sempernova.........y	8					1.8
36	17	Sleepy Kids 5p......y	17					–
3½	1¼	Systems Connections.y	2					–
94	48	Tomorrows Leisure 20p y	48		1.0	4.4	2.8	8.7
55	27	UPL Group 10p.....y	32					–
89	16	Video Magic Leis. 1p y	16					–
6¼	2¼	Vista Ents 5p.......y	2¼					–
5½	1¼	Wilton Group 1p.. y	1½					5.1

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1992. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. y	700	... ...
Finlay Pkg. 5p.... y	40	......
Holt (Jos) 25p.. ..y	1385	......
Carrol (P.J.)....... α	154	+2
Heiton Hldgs..... y	53	–1
IRG...	153¼	......
United Drug.........	135	+5

IRISH

Cap. 8½% Ln. 1991..	£98¼	......
9pc Cap Ln. 1996..	£93½	......
Fin. 13% 97/02...	£118¾	....
Arnotts............	175	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	45
BOC Grp.	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	40
FKI	5¼
FNFC	20
Gen Accident	37
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd.	39
ICI	70
Ladbroke	22
Legal & Gen.	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds.	11
Marks & Spencer	18
Midland Bk.	20
Nat West Bk.	18
P & O Dfd.	42
Polly Peck	40
Racal Elect.	14
RHM	23
Rank Org Ord.	49
Reed Intnl.	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	50
Vickers	19
Wellcome	38

Property

Brit Land	24
Control Secs.	3½
Land Securities	42
MEPC	38
Mountleigh	11

Oils

Aviva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res.	2
Premier	8½
Shell	40
Tuskar Res.	6
Ultramar	31

Mines

Lonrho	21
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Mayflower Management Co Ltd (1200)F
PO Box 249, Beckenham, Kent BR3 4WA 081-663 3111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	289 1	289 1	307 6	-1.2	8 92
Global Inc.	5	41.56	41 56	44 21	+0 2	5 49
Brit Leaders	5	229 6	229 6	244 3	-2 8	4.55
Intl Leaders	5	120.3	120.3	128 0	-0 2	3.28

Medical Investments Ltd (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Health Fund	5¼	43 96	43 96	48 11	-1.88	.34

Mercury Fund Managers Ltd (1000)H
33 King William St. EC4R 9AS 071-280 2060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	5	101.5	101.8	108 b	....	0.56
(Accum Units)	5	108 2	108.5	115 8	....	0.56
American Income	5	30.39	30.39xd	32.40	+0 26	9 23
(Accum Units)	5	40.57	40.57xd	43 27	+0.35	9 23
American Sm Cos	5	38 15	38 15xd	40 70	+0 01	0.00
(Accum Units)	5	38 67	38 67xd	41 25	+0 01	0 00
British Blue Chip	5	50.36	50.49xd	53 86	+0 01	3 29
(Accum Units)	5	55 48	55.64xd	59 35	+0.02	3 29
Cash *	0	101 3	101 4xd	101.4	....	14 28
(Accum Units) *	0	106 7	106.9xd	106 9	....	14.28
European Growth	5	151 1	151 1	160 4	+0 10	0 75
(Accum Units)	5	160 4	160 4	170.3	+0.10	0 75
European Income	5	64.26	64.26	68.27	+0.22	4 78
(Accum Units)	5	74 95	74 95	79 63	+0.27	4.78
General	5	317.4	320 4	341 8	-0.80	2.89
(Accum Units)	5	564.3	569.9	607 9	-1.10	2.89
Gilt	5	81.93	81 93	86.14	+0.20	9 30
(Accum Units)	5	121 9	121.9	128 3	+0 40	9.30
High Income	5	43 19	43 19xd	46 07	-0.18	6 74
(Accum Units)	5	50 88	50.88xd	54 28	-0.22	6 74
High Interest	5	41 41	41 41xd	43.60	+0.07	11.02
(Accum Units)	5	53 79	53 79xd	56 64	+0.09	11.02

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
(Accum Units)	5¼	107.50	107.50	114.60	-1.50	8.53
Intnl	5¼	21.41	21 41	22.97	-0 28	0 48
(Accum Units)	5¼	30 34	30 34	32.55	-0.31	0 48
Jap Smaller Cos ♥	5¼	328 90	328 90	350.80	-5 40	0 00
Sing & Malaysia ♥	5¼	81 74	81 74	87 65	-1.59	0.00
(Accum Units) ♥	5¼	85.18	85 18	91 34	-1.65	0 00
Smaller Co's	5¼	24.83	24.83	26 69	-0.14	1.65
(Accum Units)	5¼	27 41	27 41	29 47	-0.15	1.65
Special Sits	5¼	22.15	22.15xd	23 81	+0.20	1.09
(Accum Units)	5¼	24 12	24.12	25.93	+0.23	1 09
Tokyo ♥	5¼	66.46	66 46	70 89	-2.47	0.00
(Accum Units) ♥	5¼	67 13	67.13	71.60	-2.51	0 00
UK Equity	5¼	113.40	113.40	120.90	-1.30	5.05
(Accum Units)	5¼	195.50	195.50	208.50	-2.20	5 05
US Smaller Cos ♥	5¼	37 02	37 02	39 59	+0.23	0 00

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI American Acc ♥	5	54.55	54.67	58.16	+0 09	1.68
NPI Americas Dist ♥	5	51.33	51.43	54 71	+0.07	1.68
NPI European Acc	5	64.08	64 71	68.84	-0.32	0.67
NPI European Dist	5	63 07	63 69xd	67.76	-0.32	0.67
NPI Far East Acc ♥	5	94 94	95.33	101 42	-2.22	0.30
NPI Far East Dist ♥	5	94.26	94 66	100 70	-2.19	0.30
NPI O'seas Acc	5	741.7	746 4	794 0	-4 60	1.37
NPI O'seas Dist	5	579 9	583.6	620 8	-3.60	1.37
NPI UK Acc	5	402.9	406.8	432 8	-2.20	5.04
NPI UK Dist	5	223 8	226.1xd	240 5	-1.20	5.04
NPI W wide Acc	5	59.86	60 88	64.77	-0.64	0.57
NPI W wide Dist	5	57.58	58.56xd	62.30	-0.61	0.57

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 071-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Income	6	124.5	127.3xd	135 4	-0.2	7.42
Newton Global	6	189.4	193.3xd	205 6	+0.5	3.95
Newton General	6	89 12	91.46xd	97.30	-0 47	4.93

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; ([illegible]) - 1101 to 1400 hours; ([illegible]) - 1401 to 1700 hours; ([illegible]) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Target Trust Mngrs Ltd (1600)F

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Triton Fd Mngrs Ltd (0000)H

Tyndall Unit Tst Mngs Ltd (1600)F

UK Unit Trust Managers Ltd (0905)F

UTAM Ltd (1300)F

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mngt Ltd

Willow Financial Services Ltd (0905)F

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

CAF/INVST-Charities Aid Foundation

COIF-Charities Official Inv Fds

Edinburgh Fund Mngrs PLC

Foreign & Colonial Pens Mngt Ltd

Lazard Brothers & Co Ltd

Lazard Investors Ltd

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citicorp British National

City of Westminster Assurance (c)

Clerical Medical/Fidelity International

Clerical Medical/Fidelity International – Contd.

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident (z)

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration(z)

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance(z)

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd – Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

Bid Prices Only, Offer prices where applicable approx 5% higher

Continued on next page

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National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Prosperity Life Assurance Ltd

Providence Capitol Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group Ltd

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Fidelity International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

NM Life Assurance Intl Ltd

Premium Life International Ltd

Providence Capitol International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plnrs.) Ltd

The Analysis Group PLC

Bryan Walls & Partners Ltd

Cameron Law & Company Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

Drummond Moores Plc

Edinburgh Money Management Ltd

Fairmount Ginn Reis Ltd

Gartmore Fund Managers Ltd

Hurstminster Financial Services(Pty) Ltd

I.P.S. Lamont plc

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

Macartney & Dowie F.S. Ltd

Northam Binge & Partners

PBR Fund Management Ltd

Pendleton May Financial Services Ltd

Petley & Co PLC

Roxborough Financial Management Ltd

Rutland Ins Bkg & Inv Grp ("RIBIG")

Sharp (Albert E) & Co.

Siltala Fund Managers Limited

South Yorks Investment Management

Tattersall Investment Mngt. Ltd

Terry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mngt (Guernsey) Ltd

BBV-Hambros Asset Mngmt (Guernsey) Ltd

Confinvest Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Leopold Joseph Fund Mngmt (Guernsey) Ltd

Kleinwort Benson Intl Fd Mgrs Ltd

Lazard Fund Mngrs Channel Islands Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Rothschild Asset Management (CI) Ltd

Royal Bank of Canada Funds

Schroder Mngmt Services (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Baring Intl Fund Managers Guernsey Ltd

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark firms on rate rise

THE D-MARK advanced against the dollar and within the European Monetary System yesterday after the German Lombard rate was increased by ½ point to 8½ per cent at yesterday's Bundesbank council meeting.

Lombard borrowing is intended for emergency use, but short term market rates in Frankfurt have been at or above the Lombard rate for most of the time since the Bundesbank took control of the entire German banking system, including banks in what was formerly East Germany.

This has encouraged banks to use their Lombard facilities, and re-lend at a higher rate on the domestic money market. Hence, yesterday's move was not a surprise. It was, though, contrary to trends elsewhere, with both the US Federal Reserve and the Bank of France lowering interest rates this week.

Dealers in London said it was likely to delay another cut in UK bank base rates, But it did led to an increase in the Dutch Central Bank's discount rate by ¼ point to 7¼ per cent. The secured loans rate, equivalent to the Lombard rate, was raised by a similar amount to 8 per cent.

Figures from the European Commission showed the D-Mark and the Dutch guilder firmer within the EMS exchange rate mechanism, but still slightly below the French franc. Trading in the franc was quiet, with Paris and several other European centres closed for a religious holiday.

Sterling fell to the bottom of the ERM, with the Spanish peseta at the top of the system, 3.90 per cent above its central rate against the pound. The British currency also remained below its central rate against the D-Mark of DM2.95, falling to DM2.9425 from DM2.9450. Against other major currencies sterling fell to FFr9.8600 from FFr9.8650 and to SFr2.4875 from SFr2.5000, but rose to Y254.50 from Y252.50. The pound also gained ¾ cent to $1.9515. On Bank of England figures its index fell 0.1 to 94.4.

The dollar was generally weaker, in reaction to the wider differential between US and German interest rates. The Federal Reserve added funds to the New York banking system, via $2bn of overnight customer repurchases, when Federal funds were trading at 7⅞ per cent, reinforcing the belief that the target for Fed funds has been cut to 7¾ from 8 per cent.

A fall in the October US National Association of Purchasing Managers Index to 43.4 from 44.4 per cent took the figure to its lowest level for eight years. This confirmed the sluggish performance of the US economy, but Iraq's claim that war in the Gulf could break out "at any minute" helped the dollar improve against the Japanese yen. It declined to DM1.5075 from DM1.5155; to SFr1.2750 from SFr1.2865; and to FFr5.0525 from FFr5.0750, but rose to Y130.45 from Y129.95. The dollar's index fell to 60.8 from 60.9.

£ IN NEW YORK

No. 1	Latest	Previous Close
£ Spot	1.9515-1.9525	1.9430-1.9440
1 month	0.94-0.92pm	0.95-0.94pm
3 months	2.57-2.54pm	2.60-2.58pm
12 months	7.83-7.73pm	7.80-7.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.1	Previous
8.30 am	94.4	94.8
9.00 am	94.4	94.7
10.00 am	94.3	94.6
11.00 am	94.3	94.5
Noon	94.3	94.6
1.00 pm	94.3	94.6
2.00 pm	94.2	94.5
3.00 pm	94.3	94.5
4.00 pm	94.4	94.5

CURRENCY MOVEMENTS

Nov 1	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.4	-17.9
U.S Dollar	60.8	-18.1
Canadian Dollar	101.0	-0.7
Austrian Schilling	110.1	+12.0
Belgian Franc	112.0	-1.9
Danish Krone	111.2	+5.3
Deutsche Mark	119.6	+25.2
Swiss Franc	114.6	+23.0
Guilder	115.1	+16.3
French Franc	105.9	-11.0
Lira	99.8	-19.5
Yen	134.1	+70.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Oct.31.

CURRENCY RATES

Nov 1	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.735430	0.699927
U S Dollar	7	1.43078	1.35471
Canadian $	12.82	1.67029	1.58366
Austrian Sch	6½	15.2865	14.4764
Belgian Franc	10¼	44.7405	42.4024
Danish Krone	10½	8.30711	7.87086
Deutsche Mark	6.00	2.17350	2.05848
Neth Guilder	7.25	2.44950	2.32116
French Franc	10¼	7.28052	6.89954
Italian Lira	12½	1629.23	1541.66
Japanese Yen	6	185.071	177.602
Norway Krone	8	8.45305	8.00701
Spanish Peseta	–	136.299	129.172
Swedish Krona	11	8.06888	7.65140
Swiss Franc	6.00	1.84213	1.74758
Greek Drach	20½	N/A	208.205
Irish Punt	–	N/A	0.768237

† European Commission Calculations.
* All SDR rates are for Oct.31

OTHER CURRENCIES

Nov 1	£	$
Argentina	10771.1 - 10796.1	5535.00 - 5545.00
Australia	2.4715 - 2.4735	1.2740 - 1.2755
Brazil	207.250 - 207.775	106.50 - 106.70
Finland	6.9875 - 7.0125	3.5940 - 3.5970
Greece	295.80 - 300.50	152.90 - 155.35
Hong Kong	15.1845 - 15.1985	7.7965 - 7.7985
Iran	125.50*	63.70*
Korea(Sth)	1374.75 - 1396.90	710.80 - 716.40
Kuwait	N/A	N/A
Luxembourg	60.95 - 61.05	31.20 - 31.30
Malaysia	5.2640 - 5.2690	2.7000 - 2.7020
Mexico	5683.50 - 5704.40	2920.00 - 2930.00
N Zealand	3.1600 - 3.1650	1.6300 - 1.6325
Saudi Ar	7.2410 - 7.2675	3.7490 - 3.7510
Singapore	3.3295 - 3.3325	1.7105 - 1.7125
S.Af (Cm)	4.9635 - 4.9690	2.5460 - 2.5490
S.Af (Fn)	7.1675 - 7.3020	3.6765 - 3.7455
Taiwan	53.10 - 53.20	27.25 - 27.30
U.A.E.	7.0905 - 7.1185	3.6710 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.172	-3.34	3.9	59
Belgian Franc	42.4032	42.4024	0.00	0.44	4
French Franc	6.89509	6.89954	0.06	0.37	1
Irish Punt	0.767417	0.768237	0.11	0.33	-1
German D-Mark	2.05586	2.05848	0.13	0.31	-3
Dutch Guilder	2.31643	2.32116	0.20	0.23	-6
Italian Lira	1538.24	1541.66	0.22	0.21	-7
Danish Krone	7.84195	7.87086	0.37	0.06	-13
Sterling	0.696904	0.699927	0.43	0.00	-8

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9310 - 1.9520	1.9510 - 1.9520	0.95-0.93cpm	5.78	2.60-2.57pm	5.30
Canada	2.2575 - 2.2770	2.2715 - 2.2725	0.32-0.23cpm	1.45	0.65-0.51pm	1.02
Netherlands	3.31 - 3.32¾	3.31 - 3.32	1⅝-1½cpm	5.43	4⅛-3⅞pm	4.83
Belgium	60.45 - 61.05	60.95 - 61.05	26-23cpm	4.82	70-64pm	4.39
Denmark	11.23¼ - 11.29	11.28 - 11.29	3⅞-3⅜orepm	3.79	9½-8⅝pm	3.21
Ireland	1.0900 - 1.1100	1.0965 - 1.0970	0.37-0.34cpm	3.88	0.98-1.05pm	3.70
Germany	2.93½ - 2.95	2.94 - 2.94½	1⅜-1¼pfpm	5.35	3½-3¼pm	4.59
Portugal	257.55 - 259.60	258.15 - 259.15	21-42cdis	-1.46	114-176pm	2.24
Spain	184.20 - 185.55	184.45 - 184.75	2-12cdis	-0.46	31-43dis	-0.80
Italy	2199½ - 2211½	2203¾ - 2204¾	7-5lirepm	3.27	15-13pm	2.54
Norway	11.43½ - 11.47½	11.45½ - 11.46½	1⅜-1⅛orepm	1.31	3⅞-4½pm	1.46
France	9.84 - 9.88¼	9.85½ - 9.86½	3⅜-3¼cpm	3.96	8⅝-8¼pm	3.42
Sweden	10.93½ - 10.97½	10.96¼ - 10.97¼	1¼-1⅞orepm	1.44	3⅞-3⅛pm	1.19
Japan	253 - 255	254 - 255	1¼-1⅛ypm	5.60	3⅜-3¼pm	5.21
Austria	20.64 - 20.76	20.66½ - 20.71½	8⅞-7⅝gropm	4.86	25⅝-23¼pm	4.72
Switzerland	2.48¼ - 2.50	2.48¼ - 2.49¼	1¼-1cpm	5.43	3¼-3pm	5.03
ECU	1.4165 - 1.4280	1.4270 - 1.4280	0.47-0.44cpm	3.82	1.23-1.18pm	3.38

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.74-4.69cpm. 12 Month 8.01-7.91cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9310 - 1.9530	1.9510 - 1.9520	0.95-0.93cpm	5.78	2.60-2.57pm	5.30
Ireland†	1.7550 - 1.7780	1.7755 - 1.7765	0.29-0.24cpm	1.79	0.93-0.83pm	1.98
Canada	1.1645 - 1.1695	1.1645 - 1.1655	0.41-0.44cdis	-4.38	1.24-1.29dis	-4.34
Netherlands	1.6970 - 1.7125	1.6985 - 1.6995	0.04-0.07cdis	-0.39	0.20-0.24dis	-0.52
Belgium	31.20 - 31.35	31.20 - 31.30	2-3cdis	-0.96	6-9dis	-0.96
Denmark	5.78 - 5.83¼	5.78 - 5.78½	0.80-1.10oredis	-1.97	2.85-3.30dis	-2.13
Germany	1.5045 - 1.5230	1.5070 - 1.5080	0.05-0.07pfdis	-0.48	0.24-0.29dis	-0.70
Portugal	132.65 - 133.90	132.65 - 132.80	76-86cdis	-7.32	240-270dis	-7.69
Spain	94.55 - 95.70	94.75 - 94.85	48-52cdis	-6.33	142-152dis	-6.20
Italy	1128 - 1136¾	1129¼ - 1129¾	2.10-2.60liredis	-2.5	7.50-8.50dis	-2.83
Norway	5.86 - 5.94	5.87 - 5.87½	1.28-1.63oredis	-2.97	4.25-4.75dis	-3.07
France	5.04½ - 5.10	5.05 - 5.05½	0.75-0.82cdis	-1.86	2.35-2.52dis	-1.93
Sweden	5.61 - 5.67	5.61¾ - 5.62¼	3.20-3.60oredis	-7.26	9.20-10.20dis	-6.90
Japan	130.10 - 131.25	130.40 - 130.50	0.01dis-0.01ypm	–	0.04-0.07dis	-0.17
Austria	10.68 - 10.70¼	10.69¾ - 10.70¼	0.70-1.05grodis	-0.98	2.10-3.10dis	-0.97
Switzerland	1.2740 - 1.2930	1.2745 - 1.2755	0.03dis-0.07cpm	0.19	0.08dis-0.14pm	0.09
ECU	1.3615 - 1.3695	1.3640 - 1.3650	0.21-0.19cpm	1.76	0.63-0.60pm	1.80

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EURO-CURRENCY INTEREST RATES

Nov 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞ - 14⅝	14⅞ - 14⅝	14 - 13⅞	13{{1}} - 13⅝	13⅝ - 13¼	12{{3}} - 12¾
US Dollar	7⅞ - 7¾	7⅞ - 7¾	7{{}} - 7{{}}	8⅛ - 7{{}}	8 - 7⅞	8⅛ - 8
Can. Dollar	11⅞ - 11⅝	12⅛ - 11⅞	12¼ - 12	12⅛ - 12	12⅛ - 11⅞	11{{}} - 11⅝
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D.Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 8⅞-8¾ per cent; four years 9-8⅞ per cent; five years 9-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

EXCHANGE CROSS RATES

Nov.1	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.952	2.943	254.5	9.860	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.512	1	1.508	130.4	5.051	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.340	0.663	1	86.48	3.350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	3.929	7.670	11.56	1000.	38.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.014	1.980	2.985	258.1	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.402	0.785	1.183	102.3	3.963	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl	0.302	0.589	0.888	76.77	2.974	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.454	0.886	1.335	115.5	4.474	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.440	0.859	1.295	112.0	4.340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.639	3.200	4.825	417.2	16.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000. French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS · LIFFE US TREASURY BOND FUTURES OPTIONS · LIFFE BUND FUTURES OPTIONS · LIFFE EUROMARK OPTIONS · LIFFE EURODOLLAR OPTIONS · LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE) · 20-YEAR 9% NOTIONAL GILT · US TREASURY BONDS 8% · 6% NOTIONAL GERMAN GOVT. BOND · 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND · THREE MONTH STERLING · THREE MONTH EURODOLLAR · THREE MONTH EURO DM · THREE MONTH ECU · FT-SE 100 INDEX · POUND-$ (FOREIGN EXCHANGE) · DM-STERLING

CHICAGO · U.S. TREASURY BONDS (CBT) 8% · U.S. TREASURY BILLS (IMM) · SWISS FRANC (IMM) · JAPANESE YEN (IMM) · DEUTSCHE MARK (IMM) · THREE-MONTH EURODOLLAR (IMM) · STANDARD & POORS 500 INDEX · PHILADELPHIA SE £/$ OPTIONS · 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES · OPTION ON LONG-TERM FRENCH BOND (MATIF) · THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate) · CAC-40 FUTURES (MATIF) Stock index

Oct.31	Open	Close	Change	High	Low	Open Int.
October	1617.0	1636.0	-27.0	1641.0	1615.0	4,668
November	1623.0	1659.0	+45.0	1660.0	1619.0	6,733
December	1630.0	1630.0	+11.0	1636.0	1630.0	440
March	-	-	-	-	-	0

Estimated volume 10,865 Total Open Interest 11,841

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	15½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Lombard up 0.50%

INTEREST RATES rose and prices of short sterling futures fell in London after the German Bundesbank raised its Lombard rate to 8.50 from 8.00 per cent yesterday. Trading was quiet on the Frankfurt money market, with many banks closed for a religious holiday, but call money maintained its firm tone, rising to 8.05 from 7.95 per cent.

UK clearing bank base lending rate 14 per cent from October 8, 1990

The German move was a blow to hopes of lower bank base rates in the UK. A recent survey from the Confederation of British Industry pointed to a recession, but even before the Bundesbank's action yesterday the UK Treasury issued a statement saying that interest rates will not be cut until it is safe to do so.

Three-month interbank traded at 13{{}}-13{{}} per cent on Wednesday, discounting a cut of ½ point in bank base rates, but by yesterday's close the rate had firmed to 13¾-13⅝ per cent. One-year money rose to 12½-12⅜ per cent from 12¾-12⅝, taking rates back to around the level before the CBI survey.

On Liffe December short sterling futures opened lower at 87.04 and fell to 86.84 after the news from Germany, before closing at 86.89 compared with 87.09 previously.

The supply of day-to-day credit remained tight in London, keeping short rates firm as the Bank of England did not appear to supply enough assistance to take out the full underlying shortage.

A shortage of £1,400m, was initially forecast, but this was revised to £1,300m at noon and to £1,150m in the afternoon.

Total help of £929m was provided. An early round of help was offered and at that time the authorities bought £188m bills outright, by way of £1m Treasury bills and £187m bank bills in band 1 at 13⅞ per cent. Before lunch another £475m bills were purchased, via £1m Treasury bills in band 1 at 13⅞ per cent; £119m bank bills in band 1 at 13⅞ per cent; £90m Treasury bills in band 2 at 13¾ per cent; and £265m bank bills in band 2 at 13{{}}-13¾ per cent. In the afternoon £186m bank bills were bought in band 1 at 13⅞ per cent and late assistance of around £80m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,112m, with exchequer transactions absorbing £130m; a rise in the note circulation £65m; and bank balances below target £80m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov 1) 3 months US dollars · 6 months US Dollars

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime: Prime rate · Broker loan rate · Fed.funds · Fed.funds at intervention · One month · Two month · Three month · Six month · One year · Three year · Five year · Seven year · 10-year · 30-year

Frankfurt · Paris · Zurich · Amsterdam · Tokyo · Milan · Brussels · Dublin

LONDON MONEY RATES

Interbank Offer · Interbank Bid · Sterling CDs · Local Authority Deps. · Local Authority Bonds · Discount Mkt Deps. · Company Deposits · Finance House Deposits · Treasury Bills (Buy) · Bank Bills (Buy) · Fine Trade Bills (Buy) · Dollar CDs · SDR Linked Dep. Offer · SDR Linked Dep. Bid · ECU Linked Dep. Offer · ECU Linked Dep. Bid

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,383 Set by CINEPHILE

ACROSS

1 A cricket match in moist conditions: this can say when (4,5)
6 Mother takes call from bird like a parrot (5)
9 Ancient of days? (5)
10 Without interchange, confined to the point (9)
11 Coke in mulled porter makes coffee (10)
12, 14 Top player went over to the other side, which is unfortunate (4-7)
15 Marine beast of honour or quality (7)
17 Bonus for corrupting umpire on the first of May (7)
19, 20 Benevolence is like a fountain for coins (7,4)
22 Girl, classical, embraced by barbarian is drier (5,5)
25 Scene of shots in the air, as walked on by timeless Homer (9)
26 South Indian number in conclusion (5)
27 Man receiving punishment in the Bible (5)
28 Loyal servant on island, a mountain among little fish (3,6)

DOWN

1 Doctor's round with little work will go down (5)
2 Royal emblem from Dorset, our variety (5,4)
3 Alternatives to being in the water (4,2,4)
4 Put up a record in a sweet? Show appreciation (7)
5, 6 Servant for admiral, professional and upper-class (7,4)
7 Celsius temperature seems to be deceptive (5)
8 Yellow flower for naval ensign? (5,4)
13 Court confounded after plain words by counsel (10)
14 Garment leads to anger in Scots head (4,5)
16 I'm founder, maybe, correctly dressed? (9)
18 King of Scotland wanted: O for Ian MacMillan! (7)
19 The FT's back with film attached to country (7)
21 Subsequently discovered in the lands of France and Italy (5)
23, 24 Source of films from the Christmas tree? (9)

Solution to Puzzle No.7,382

DECOLLETAGE CAM
STRUT AUTHORITY
ORIENTATE ELATE
HIGHTIE SWAY
GARB CHEDDAR
LOTUS SHIFTLESS
PROMOTION ARENA
POE TONSILLITIS

WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | ITALY (continued) | SWEDEN | BELGIUM/LUXEMBOURG | NETHERLANDS | SWITZERLAND | DENMARK | NORWAY | FINLAND | ITALY | SPAIN | SOUTH AFRICA | FRANCE | GERMANY | JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | MALAYSIA | SINGAPORE

CANADA

TORONTO
2pm prices November 1

300 C Roxy	$7	7	7	
24611 CTire A f	$20¼	20⅛	20⅛	
2671 CUtil A f	$20⅛	20	20⅛	+ ⅛
24 CUtil B	$20⅛	20⅛	20⅛	
3000 Canlor	$21	21	21	
450 Celanese	$31	31	31	
6700 Gen Capital	$7	6⅞	6⅞	− ⅛
24900 CenCap A	430	385	405	− 25
2146 H Bay Co	$17¼	17⅛	17⅛	
63158 Imasco L	$27	26	26	− 1⅛
52158 Imp Oil A	$63	62	63	+ 1⅛
64261 Inco	$28⅛	27⅛	28⅛	− ⅜
700 Innopac	315	315	315	
4651 Interhome	$48	47½	48	+ ¼
7174 Ivaco A f	$7	6⅞	7	− ⅛
900 Ivaco B	$7½	7½	7½	+ ¼
20000 Poco Pet	$8⅛	8⅛	8⅛	− ⅛
7489 Powr Cor f	$14⅞	14⅞	14⅞	
700 Powr Fin	$17⅝	17½	17⅝	− ⅛
2469 Provigo	$9⅛	9⅛	9⅛	− ⅛
1035 Que Tel	$14⅛	14⅛	14⅛	
34300 Ranger	$8⅞	8⅞	8⅞	+ ⅛
1600 Rayrock f	$8	8	8	

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INDICES

NEW YORK

DOW JONES	Oct. 31	Oct. 30	Oct. 29	Oct. 26	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2442.33	2448.02	2430.20	2436.14	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	88.85	88.94	88.96	89.06	93.04 (3/1)	88.44 (24/9)	—	—
Transport	822.30	825.07	827.11	837.09	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.28	210.95	208.38	208.69	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2475.99 (2462.87) Low 2419.55 (2400.50)

STANDARD AND POOR'S

	Oct. 31	Oct. 30	Oct. 29	Oct. 26	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	304.00	304.06	301.88	304.71	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	356.82	357.63	355.45	358.50	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	18.99	18.97	18.80	19.32	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	166.17	166.08	165.24	166.71	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	287.79	288.07	288.79	291.39	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	329.84	329.83	330.80	334.36	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct. 26	Oct. 19	Oct. 12	year ago (approx.)
Dow Industrial Div. Yield	4.17	4.03	4.23	3.97

	Oct. 24	Oct. 17	Oct. 10	year ago (approx.)
S & P Industrial div. yield	3.42	3.59	3.56	3.12
S & P Indl. P/E ratio	14.86	14.15	14.28	12.89

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Alcan Alum.	7,948,900	18⅝	− ¼
Chase Mnhtn.	7,176,200	10	− ¼
Unisys	2,748,900	2¼	− ¼
Citicorp	2,290,900	11¼	...
Philip Morris	2,166,100	47⅛	+ ⅛
Southern Co.	1,849,500	26	...
Schering Pl	1,824,000	43⅞	− 1⅞
Travelers	1,785,700	12⅞	+ ⅞
Gen. Motors	1,707,000	36⅞	+ ⅛
Tremont WI	1,530,500	1¼	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Oct. 31	Oct. 30	Oct. 29
New York	156.060	153.450	133.980
Amex	8.875	10.622	7.565
NASDAQ	118.782	109.007	92.230
Issues Traded	1,952	1,952	1,964
Rises	744	663	481
Falls	736	821	1,030
Unchanged	472	468	453
New Highs	9	4	6
New Lows	133	206	162

CANADA

TORONTO	Oct. 31	Oct. 30	Oct. 29	Oct. 26	1990 HIGH	1990 LOW
Metals & Minerals	2606.99	2635.14	2636.71	2627.98	3453.05 (4/1)	2588.00 (16/10)
Composite	3081.26	3083.89	3083.35	3086.50	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1640.20	1645.69	1643.73	1645.30	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 1	Oct. 31	Oct. 30	Oct. 29	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1303.0	1327.2	1329.1	1344.7	1713.7 (12/1)	1303.0 (1/11)
All Mining (1/1/80)	628.6	639.2	636.7	637.4	860.8 (5/1)	628.6 (1/11)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	448.30	458.62	470.56	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	(c)	5205.78	5198.94	5206.26	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	344.31	345.92	345.33	346.59	388.29 (20/7)	331.41 (27/9)
FINLAND						
Unitas General (1975)	409.5	413.2	407.0	405.3	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	(c)	428.11	429.70	428.65	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	(c)	1645.57	1613.59	1627.90	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	617.05	622.09	624.13	628.76	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1750.4	1765.8	1770.5	1784.1	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1417.26	1433.82	1431.14	1454.49	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	2968.74	2990.96	3011.65	3063.53	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1303.29	1306.48	1301.24	(c)	1893.10 (22/1)	1207.47 (1/10)
ITALY						
Banca Com. Ital. (1972)	(c)	560.54	563.70	562.13	763.52 (14/6)	552.69 (17/10)
JAPAN						
Nikkei (16/5/49)	24295.16	25194.10	25242.40	25329.31	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1794.79	1856.12	1865.24	1876.07	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	3277.79	3343.58	3344.75	3361.24	4477.16 (16/7)	2859.49 (1/10)
MALAYSIA						
KLSE Composite (4/4/86)	480.46	491.71	497.90	504.84	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Ttl Rtn.Gen.(End 1983)	229.2	232.5	231.4	234.2	271.9 (20/7)	228.2 (28/9)
CBS All Shr (End 1983)	168.3	170.7	169.9	171.9	206.3 (3/1)	167.6 (28/9)
NORWAY						
Oslo SE (Ind) (2/1/83)	730.14	740.41	743.07	742.22	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	609.85	596.65	606.19	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	315.29	319.60	324.21	326.74	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1398.0	1429.0	1396.0	1390.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2696.0	2710.0	2703.0	2720.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	717.47	690.16	711.49	720.89	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	(c)	232.12	232.53	235.65	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	892.1	900.4	906.2	921.3	1329.9 (5/7)	892.1 (1/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	641.7	648.5	648.1	652.1	845.5 (13/7)	613.4 (28/9)
TAIWAN**						
Weighted Price (30/6/66)	3139.88	(c)	3318.53	3309.05	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	653.21	649.37	673.85	690.55	1143.78 (25/7)	613.95 (25/9)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	455.2*	461.6	461.6	466.0	571.0 (4/1)	423.1 (28/9)

**Saturday October 27: Taiwan Weighted Price: 3100.22 Korea Comp Ex 733.05
*Calculated at 15.00 GMT
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 1 November 1990

	Stocks Traded	Closing Prices	Change on day
Atsugi Nylon	12.1m	1,280	+70
Yamazen	7.5m	1,450	+90
Kyosan Elec	6.0m	1,360	+60
Nippon Steel	6.0m	436	-17
Fuji Elec	5.8m	840	-26
S'tomo Metal	5.3m	485	-24
JEOL	5.3m	1,410	-60
Kurabo Inds	5.2m	1,340	-30
I'wajima-Hrna	4.8m	739	-15
Aoki Corp	4.4m	610	-62

3pm prices November 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	9½	AAR	.48	4.7	8	770	10¼	10⅛	10¼	-¼
9¾	7⅞	ACM n	1.01	12.		354	8¼	8⅛	8¼	+⅛
11½	8¾	ACMIn	1.28	12		1408	10⅛	9⅞	10⅛	+¼
9¼	6½	ACM M n	1.01	14		230	7½	7⅜	7⅜	
12⅛	10	ACMMM	1.50	13		148	11¾	11⅝	11⅝	-⅛
11½	8⅝	ACM Sc	1.26	13		563	9¾	9½	9¾	+¼
9⅜	7¼	ACMSp	1.01	12		998	8¼	8	8⅛	+⅛
24⅝	15½	AL Lab	.18	.9	16	71	18	17⅞	18	+⅛
5¼	1	AM Intl				828	1⅛	1	1	
21⅛	4⅜	AM In pf	2	36		65	5⅝	5⅛	5⅝	+½
74¼	39¾	AMR			14	1366	47¼	45⅞	47	+⅝
4	1⅝	ARX			5	74	1¾	d 1½	1½	-⅛
72¼	38¼	ASA	3a	6.8		395	44⅝	44	44	-⅜
3½	3½	ATTC wt				2677	3⅝	d 3¼	3⅜	-⅛
45⅝	31¼	AbtLab	s .84	2.1	19	8463	40¾	39¾	40½	-½
14	11⅛	Abitibi g	.50			89	11⅜	11⅛	11⅛	-¼
11⅝	4⅝	AcmeC	.40	7.3	7	6	5½	5⅛	5½	+⅛
9⅞	5⅜	AcmeE	.32	5.8	9	4	6⅛	5½	5½	
32⅞	18⅞	Acuson	s		19	1085	23⅞	23¼	23⅜	-⅛
16⅞	14½	AdaEx	2.06e	14		114	15	14⅞	14⅞	
19⅝	10	Acobe				6	10⅛	10¼	10⅛	-⅛
20¼	16½	Adob pf	1.84	11.		8	16⅞	16⅝	16⅞	+¼
21⅝	19¾	Adob pf	2.40	12		12	20⅛	20	20⅛	+⅛
11⅜	3⅝	AMD				1102	4	3⅞	3⅞	
32⅛	14	AMD pf	3	32		268	15¼	d13⅞	13⅞	-1⅞
9¼	1⅜	Advest	.16	8.8		445	1⅞	d 1⅝	1⅝	-¼
62	29	AetnLf	2.76	9.2	7	9470	30⅛	29⅝	30	+½
13	6¼	AflPb	.24	3.8		866	6½	6⅜	6⅜	
22½	10⅞	Ahmans	.88	8.0	4	5586	11¼	d10⅝	11	-⅛
3⅝	1⅞	Aileen			9	30	3⅛	3⅛	3⅛	+⅛
61	42⅞	AirPrd	1.44	2.9	12	1896	49¼	48½	49¼	+⅞
27	13½	AirFrt	s .30	2.0	8	583	15⅜	15	15⅛	-⅛
24½	11¼	Airgas			22	15	12⅛	11⅞	12	+¼
20⅞	13¼	Airlease	2.52	18	7	57	14⅛	13⅞	14⅛	+⅛
10¼	5	AlaP dpf	.87	9.2		83	9½	9⅜	9½	+⅛
107	102	AlaP pf	11	10.		z70	105½	105	105	-1½
93	84	AlaP pf	8.16	9.2		z2980	88¼	87	88¼	+¼
36	13⅞	AlskAir	.20	1.2	9	353	16⅛	15⅞	16⅛	+¼

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Continued on Page 41

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
70	48½	RayMil	1.80	3.4	8	1537	53⅝	52⅛	53¼	+ ½
67⅞	56¼	RP Ror n				668	64⅝	63⅝	64⅝	+ ⅞
19	8¼	RhP ptA	1.60e	16.		7	9⅞	9⅞	9⅞	
22	9¼	RhnP1 n	1.60e	16.		80	10⅛	9⅞	10⅛	
39	29½	RiteAid	.90	2.6	14	1002	34⅝	32⅞	34⅝	+ 1½
11-32	3-64	RvrOak				12	1-16	1-16	1-16	+ 1-128
18¼	8¼	RbtHll			8	4	9	9	9	− ⅛
14⅝	3¼	Robtsn				119	4⅞	4⅝	4¾	
22⅛	16⅞	RochG	1.56	8.4	10	587	18⅝	18½	18½	
43½	24⅞	RochTl	1.48	5.2	17	202	28¾	27	28¾	+ 1½
22⅛	15¼	RckCtr	1.88	11.	16	473	17⅜	17	17⅜	
38¾	19⅜	Rockwl	.86	3.4	10	1362	25⅝	24⅞	25¼	+ ⅜
194½	149	Rhm pf	1.35	.8		1	180	180	180	
7⅞	4⅞	RodRen			20	58	4⅛	d 4⅛	4⅛	− ¼
35⅞	24¼	RoHaas	1.24	4.1	10	382	30	29	30	+ 1
28¼	11½	Rohr				120	12¾	12⅛	12⅜	− ¼
15¼	7¼	RollnE	.09	1.2	17	742	7⅝	7⅜	7⅝	
20⅝	16⅞	Rollins	.56	3.3	15	247	17⅛	17	17	− ¼
9¼	6¾	RolLess	.20	3.1	7	63	6⅝	6⅜	6⅜	
16⅞	8⅛	Rowan				1501	12	11¾	11¾	− ⅛
25¾	19⅛	RBSct	pr2.55e	15.		169	20⅜	19⅞	20⅛	
87	64⅝	RoylD	4.25e	5.4	12	2441	78¼	77⅜	78¼	+ ⅝
9⅞	7	Royce	.52e	7.1		245	7⅜	7⅛	7⅜	+ ⅛
45	31	Rubmd	.60	1.7	20	1555	35⅞	35⅜	35⅜	+ ½
31	16½	Russell	.32	1.8	11	842	17⅞	17¼	17½	+ ¼
23½	12½	Ryder	.60	4.7	12	866	12⅞	12½	12¾	
25	14⅝	Rykoff	.60	4.1	16	28	14¾	14⅝	14⅝	− ⅛
22	9½	Ryland	.60	6.0	4	751	10⅛	9⅞	10	+ ¼

– X – Y – Z –

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60⅛	29	Xerox	3	9.9	6	2874	30½	29¾	30¼	+ ¾
32⅞	13¾	XTRA	.72	5.0		5	14⅜	14⅜	14⅜	− ¼
25	12¾	XTRA pf	1.94	15.		10	12⅞	12⅞	12⅞	− ¼
4	¼	Zapata				361	¼	d11-16	11-16	− 1-16
9½	3⅛	Zemex				2	3½	3⅜	3½	+ ⅛
13¾	4	ZenithE				2788	6½	6⅛	6⅜	+ ⅜
19⅜	10⅛	ZenNtl	.88	8.7	6	54	10⅛	10⅛	10⅛	− ⅛
8	4½	Zeaix	.88	19.		312	4⅞	4⅝	4⅞	+ ⅛
17⅛	9⅞	Zero	.40	3.9	11	15	10½	10⅜	10⅜	
51⅛	29⅝	Zurnin	.88	2.8	14	327	32⅛	31¾	32	− ⅛
12⅞	10⅛	Zweig	1.18e	12.		309	10¼	10⅛	10⅛	+ ⅛
10	7⅞	ZweigTl	.84	10.		414	8½	8⅜	8⅜	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices November 1

NASDAQ NATIONAL MARKET

3pm prices November 1

– X – Y – Z –

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WmSon 8		14	15	14¾	14¾	14¾	
WllmTr	1.44	8	800	31¼	30⅜	30¾	− 1⅛
WiserO	.40	27	752	18⅝	18⅜	18⅝	+ ⅛
Wolohn	.28b	7	10	12½	12½	12½	+ ½
WivExp			191	6¼	5⅞	6⅛	+ ⅛
WivEx pf			4	16¾	16¾	16¾	− ¼
Worthg	.60	15	177	20⅛	19⅞	20	− ⅛
Wyman	.80		780	8¼	6¾	7	− 1¼
XL Dta		4	132	7	6¾	6¾	− ¼
XOMA			1062	17½	16½	16¾	− ¾
Xlinx			211	11⅝	11¼	11⅝	+ ⅜
YanEnS	1.52	15	475	19	18¼	18⅞	− ⅛
YelowF	.94	24	426	21¼	20⅞	21⅛	+ ¼
YorkRs		10	580	8⅞	8⅛	8½	− ¼
Zeos		18	143	14	13¼	13½	− 1
ZionBc	1.44	7	265	27	26	26¼	+ ¼

AMERICA

Bond market rally helps lift Dow

Wall Street

A DULL morning on Wall Street saw US equities turn higher in thin trading, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was quoted 14.35 higher at 2,456.68 on light volume. On the big board, advancing issues had an almost inperceptible edge over those declining. On Wednesday, the Dow closed up 17.82 at 2,448.02.

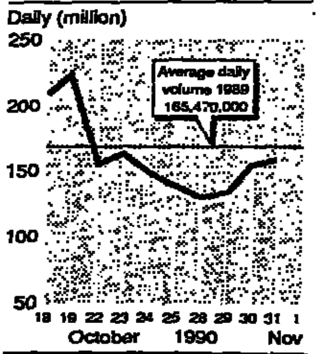
A bond market rally helped stocks move modestly higher in the first hour of trading, as further evidence of economic decline helped bolster the bond market. The Treasury's bellwether 30-year bond posted a solid 3/16 gain at mid-session.

Ford Motor slipped $¼ to $27½ in very heavy, dividend-related trading. Among the other big auto makers, Chrysler fell $⅛ to $11 and General Motors held steady at $36¾.

Schering-Plough dropped $1 to $42¾ after falling $1¾ a day earlier. The stock has come under pressure from a campaign against the company's asthma drug, theophylline, by a group of lawyers.

The food sector, which was hit by selling on Wednesday amid concerns that stiff competition between retailers, recouped some of its losses yesterday morning. General Mills added $⅞ to $84 after dropping $3½ a day earlier and Kellogg's rose $⅝ to $86⅞ following a $3⅛ fall on Wednesday.

NYSE volume



McDonald's moved $½ higher to $25¾ after the fast-food chain said that it would start phasing out foam plastic packaging at its restaurants.

MBIA jumped $1⅝ to $23⅝ after speaking to analysts and investors in Boston.

Humana fell $1¾ to $40 amid negative reports about the hospital management chain in a Florida newspaper.

AIG added $⅝ to $63 after reporting solid third quarter profits, while General Re gained $2⅝ to $78¼ on an 8 per cent gain in third quarter earnings to $1.73. The company described the figures as good, given the difficult underwriting conditions in the industry.

The Nasqaq composite slipped 0.18 lower to 329.66 at mid-session. Samna, a software manufactuere, soared $7½ to $18⅞ after the company agreed to merge with Lotus Development. Holders of Samna stock are expected to get $18.84 a share under the $65m agreement with Lotus. Shares in Lotus lost $¼ to $17.

Apple was unchanged at $30¾ and MCI Communications added $⅝ to $30⅞. Reuters Holdings ADRs rose $¾ to $33⅞ after cutting its staff and postponing phase two of its automated trading system for foreign exchange, Dealing 2000.

Canada

TORONTO stocks trimmed early losses but were still lower at midsession, weakened by lower third quarter earnings and the Gulf crisis. Figures showing a slowdown in the US economy, and oversold conditions kept the market from extending its losses.

The composite index lost 7.0 to 3,074.3 on volume of 8.75m shares. Declines led advances by 188 to 159.

Domtar eased C$⅛ to C$9⅞. The company reported a loss of 29 cents per share for its third quarter earnings compared with a profit of seven cents in the year-ago period.

Imasco, which plunged C$1⅞ to C$26, said that its third quarter net earnings had dropped from 81 to 59 cents a share.

Dominion Textile dropped C$⅛ to C$6⅞. The Dominion Bond Rating Service said that it had cut its ratings for the company's debentures and preferred shares.

SOUTH AFRICA

JOHANNESBURG fell in thin trading yesterday on fears of imminent war in the Gulf. The JSE all-gold index dipped 31 to 1,398 and the all-share index lost 25 to 2,642. Vaal Reefs dropped R10 to R250 in spite of firm bullion prices.

Hong Kong reverses erratic image

Crises have trapped the market in the doldrums, says John Elliott

HONG KONG's stock market is stuck in the doldrums of seemingly perpetual crises. Whenever it pulls its courage and optimism together to tackle some of the barriers it has faced since the world markets crash of October 1987, something happens to push it back down again.

The latest example is the Gulf crisis, which three months ago knocked the Hang Seng index off a year's high of 3,559 in late-July down to 2,760 at the end of September. Instead of then rebounding to 3,800, as some people were predicting, it is now hovering around 2,950 to 2,980, and there are few brokers who are forecasting much of a rise in the foreseeable future. Yesterday it closed at 2,968.74, down 22.22, on moderately low volume of HK$716m.

"The upside is 3,100 or just above," says Mr John Mulcahy, research director of Peregrine Brokerage. "Breaking through 3,200 would be a new bull cycle and the prospects of that are pretty remote."

However, the corollary of Hong Kong's sloth is that it has survived better during the Gulf crisis than most other Asian centres. "Hong Kong has been more resilient partly because it had not gone up so far and fast as others like Singapore, Thailand and Malaysia, so it has had less far to fall," says Mr Mulcahy.

"This has reversed Hong Kong's old image of a highly volatile market," says Mr Richard Witts, managing director of Schroders Securities (Hong Kong).

The constraints on Hong Kong are usually China-oriented. The Tiananmen Square crisis in June last year seriously knocked confidence in the colony, which reverts to Chinese sovereignty in 1997. The Hang Seng index, which had been at 3,309 in mid-May last year, collapsed to 2,093, wiping out hopes that it would top its pre-1987 crash high of 3,949.

Since then the market has suffered a series of blows, ranging from confrontational statements from Peking's leaders, to international events and instability in centres such as Tokyo.

Now the gloom about the Gulf is being compounded by domestic issues at a time when China is being more conciliatory. The local economy is sluggish. Predictions for economic growth in 1990 range between 1 per cent (issued yesterday by Jardine Fleming Securities) and 2.5 per cent, according to the government.

Manufacturing industry, especially textiles, is not buoyant; and corporate year-end results are likely to disappoint the market in a few months' time, with profits growth rates well below the 15 to 25 per cent seen in recent years.

The Hongkong and Shanghai Banking Corporation's growing problems with losses at its overseas subsidiaries, such as the New York-based Marine Midland Bank, have a specially depressing effect because of its weighting in the Hang Seng index. A 17.5 cents drop in the Hongkong Bank share price yesterday, after Marine Midland's loss announcement on Wednesday, accounted for at least half of yesterday's index fall.

So there is little to shift the market upwards. A view typical of many brokers yesterday was: "We are all thrashing around trying to think of something to say to our clients to get them to do some business."

To judge by its performance since the Gulf crisis broke, however, Hong Kong seems to have stabilised. Unlike many other Asian markets, it has a solid commercial base of strong viable companies.

Airline stocks suffer turbulent year

Increased capacity is proving a burden, explains Paul Abrahams

AIRLINES are capital, labour and fuel intensive businesses. Given that at present capital is expensive, labour costs are rising and jet aviation fuel prices have doubled in three months, it is not surprising that European airline stocks have underperformed already shaky bourses this year.

Even before the Iraqi invasion of Kuwait, airline shares were weakening. Analysts had spotted that the carriers' margins were under pressure as demand slackened. They were also concerned that the cost base of most carriers appeared to be out of control.

The only stock that briefly bucked the trend was Lufthansa, which outperformed the Frankfurt market early in the year during the euphoria that followed the tumbling of the Berlin Wall.

The Gulf crisis has merely accentuated analysts' pessimism about the airlines' prospects. Fuel price rises have already added about $5bn to the worldwide industry's total annual costs. Insurance rates, for those airlines flying over the Middle East, have also risen. Airlines will be vulnerable if the crisis escalates.

However, the fundamental problem for the airlines is that they have been investing heavily in new capacity which is coming on stream at a time of weakening demand. Most airlines are having to pay for the new aircraft when interest rates are high, as well as take in heavy depreciation costs.

Although passenger growth has so far been maintained at about 10 per cent by the 21 members of the Association of European Airlines, most of that growth was profitless. Many of the airlines maintained their passenger growth by selling increased numbers of discounted tickets.

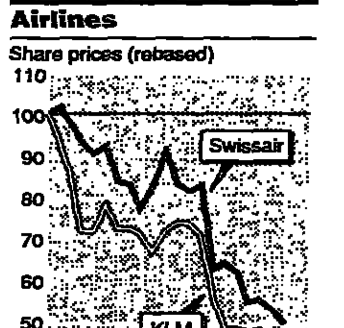
Analysts expect the combined effect of price increases and slowing demand to take their toll on both passenger growth and airline yields. Third quarter results are likely to be more than poor.

It is far from clear whether any of the European airlines – or for that matter British Airways – can escape the gloomy and darkening horizon.

"The picture is clear. There is something fundamentally wrong in the world aviation system," says Mr Roel Gooskens, a transport analyst at Van Meer James Capel in Amsterdam. "There is no light at the end of the tunnel."

Nearly all of the airlines are reporting falling half-year profits. Yesterday KLM Royal Dutch Airlines, which has seen its share price fall 61 per cent this year compared with a 17 per cent decline in the Dutch market, reported passenger revenue down for the second quarter and profits down from Fl 162.3m to Fl 42.7m (from $95m to $25m). "KLM has had six years of profits – it could now have six years of losses," says Mr Gooskens. KLM's share price fell Fl 1 yesterday to Fl 19.10.

Airlines



In July, half-year profits at Swissair collapsed from SFr215m to SFr70m (from $168m to $55m) a year earlier. Its share price has dropped 51 per cent this year to SFr580 yesterday, while the Swiss market has lost 20 per cent.

Meanwhile, in August, Lufthansa, the West German national airline, reported a pre-tax loss of DM3m ($2m) compared with a profit of DM87m ($58m) for the first six months of last year. Lufthansa's shares have declined 44 per cent in 1990 to DM112 yesterday, compared with a fall of 17 per cent in the German bourse.

During the same month, Scandinavian Airlines System (SAS) announced a 38 per cent drop in first-half group profits. Shares in SILA, the Swedish-quoted part of SAS, have fallen 46 per cent this year, to SKr70 ($12) yesterday, while the Swedish market has retreated by 19 per cent.

Nearly all European airlines are announcing cost-cutting programmes, but analysts are not impressed. One said the airlines seemed more interested in building up routes and buying the biggest and best aircraft than making money.

"Quite frankly, why put your money into airlines?" asks Mr Brian Knox, a director at Kleinwort Benson. "At the moment it is well worth keeping clear of them."

In the meantime, the airlines' financial directors will be watching the Gulf; if war breaks out their share prices could head into a nose-dive.

ASIA PACIFIC

Nikkei plunges in small-lot selling

Tokyo

A WEAKER yen and uncertainty about the Gulf situation prompted a sharp decline in equities, the Nikkei average ending below 25,000 for the first time in six days, *writes Emiko Terazono in Tokyo.*

As the yen weakened, bonds declined, sparking off profit-taking in interest rate-sensitive shares. The Nikkei opened at the day's high of 25,159.95 and closed at 24,295.16, down 898.94. Depressed by small-lot selling, it dropped to its day's low at 24,294.69 towards the close. Turnover remained sluggish, totalling 350m shares, with activity mainly among dealers and individuals trading in small lots.

Declines overwhelmed rises by 1,003 to 29, with 41 issues unchanged. The Topix index of all first section stocks lost 61.33 to 1,794.79, while in London the ISE/Nikkei 50 index slipped 27.89 to 1,327.34.

Mr Charles Lambert at Jardine Fleming said: "The market was disappointed at the failure of the Nikkei average to rise above September's high of 25,420.43 in October." He added that political uncertainty over the fate of the Japanese government's controversial United Nations Peace Co-operation bill was also affecting confidence.

Steels, shipbuildings, non-ferrous metals, chemicals, banks, securities houses, general contractors and other large-capital stocks declined sharply. Nippon Steel fell Y17 to Y436 as bond prices slipped further. Sellers were also concerned about diminishing demand for steel due to declining car sales and sluggish construction orders.

Drug makers suffered further losses, with Yamanouchi Pharmaceutical falling Y140 to Y2,800, and Dainippon Pharmaceutical Y100 to Y2,140. Financials remained weak, Industrial Bank of Japan shedding Y130 to Y2,750 and Nomura Securities Y50 to Y1,670.

Atsugi Nylon, one of the few gainers, ended up Y70 at Y1,280 on a scrip issue. Yamazen, a trading company specialising in machinery and tools, drew individual interest because its price was considered low, gaining Y90 to Y1,450.

In Osaka, the OSE average was led down by construction, high-tech, and large-capital issues. It ended 1,007.93 lower at 28,175.36, while turnover came to 32.3m shares, against Wednesday's 33.5m.

Roundup

FEARS OF an imminent war in the Gulf and Tokyo's drop sent most Pacific Rim markets down yesterday.

AUSTRALIA receded 1.8 per cent as heavily indebted companies were sold. Mr Rupert Murdoch's News Corp fell 56 cents to A$4.50 after being sold down in the US on Wednesday. Weakness in Adsteam and its associates also sapped market confidence. Adsteam slipped 22 cents to A$1.06 amid speculation about asset sales.

The All-Ordinaries index lost 24.2 to 1,303.0, its seventh consecutive fall and its lowest close since March 1988. Turnover declined from A$183m to A$177m. Banking shares were also eroded by nervousness about the slowing in the domestic economy and rising bad debt levels. Westpac Banking shed 10 cents to A$3.75.

NEW ZEALAND further weakened. The Barclays index declined 13.37 to 1,316.94, a new six-year low, but turnover rose to NZ$11.0m from NZ$7.2m.

TAIWAN, closed on Wednesday for a holiday, saw the weighted index drop by 178.65, or 5.4 per cent, to 3,139.88. Volume nearly halved to T$25.2bn from T$42bn.

SEOUL rose sharply, ending five losing sessions. The composite index closed up 27.31, or 4 per cent, at 717.47 on active volume of Won 258.3bn. But traders feared that political infighting threatens the prospects of a further recovery.

SINGAPORE was broadly lower in thin trading. The active counters were generally those in the headlines lately, such as Singapore Fodder and Centrepoint Properties, which are being taken over, and Inno-Pacific, which has taken a stake in a suspended Hong Kong-listed property company.

The Straits Times Industrial index lost 20.27 to 1,133.68. Volume fell to S$47.0m (S$52.7m).

KUALA LUMPUR's composite index finished 11.25 lower at 480.46 and turnover rose to 25.3m shares from 21.4m.

BOMBAY set aside its worries about the current government crisis and saw active buying. The BSE index improved 27.81 to 1,323.02.

EUROPE

German Lombard rise has limited impact

THE BUNDESBANK's choice of All Saints' Day on which to raise the German Lombard rate helped limit its impact on financial markets yesterday, *writes Our Markets Staff.*

FRANKFURT was marked down after hours, but dealers and strategists said that there was no panic, and little surprise, at the move. They said that earlier falls, of 5.04 to 616.05 in the FAZ index at mid-session, and 16.56 to 1,417.26 in the DAX at the close reflected existing fears about the economy and company prospects.

Volume in Frankfurt fell from DM2.8bn to DM2bn. In London, Mr James Cornish, a strategist with County NatWest, said that the Bundesbank's action was "a rather cunning affair".

It was presented, he noted, as an entirely technical move, bringing the Lombard rate back above those for overnight and one-month money; however, he added, it would give the Bundesbank room to tighten other money rates if necessary, and confirmed that it was serious about making sure that the German government tightens up the economy to make room for spending on east Germany.

AMSTERDAM saw Akzo lose Fl 4.20 to Fl 69.20, a low for the year, after the chemicals company abandoned its August forecast that profits would fall less in 1990's second half than the 18 per cent first half drop. The fact that its third quarter net profits fell a smaller-than-expected 26 per cent to Fl 166m gave little comfort.

KLM's bleak second quarter results also depressed the market. The CBS Tendency index fell 2.2 to 94.7.

ZURICH declined as Wednesday's bearish remarks from Union Bank of Switzerland, the country's biggest bank, spread to other stocks. The Crédit Suisse index fell 7.6 to 479.5, UBS shedding SFr100, or 3.7 per cent, to SFr2,600.

STOCKHOLM slipped for the fifth straight day. The Affärsvärlden General index fell 8.3 to 892.1. The central bank's decision to cut its bank-borrowing rate to 15 per cent from 16 per cent failed to lift prices.

The news that Moody's Investor Service had put Sweden on its observation list, a sign that the rating institute could downgrade Sweden's AAA credit ratings, also weighed on the market.

OSLO fell on Gulf worries, with the all-share index losing 7.25 to 502.21 in turnover of NKr180m. The prospect of a new Labour government, which takes power tomorrow, had little effect.

ISTANBUL plunged 269.3 or 5.9 per cent to 4,301.18 on Gulf fears, in volume of TL29.7bn from TL59.9bn. **ATHENS** fell 4.8 per cent, the banking sector losing 6.2 per cent. The general index fell 46.86 to 925.80.

● The FT-SE Eurotrack 100 index on the London stock market page is merely indicative, owing to the closure yesterday of a number of European markets for a public holiday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 31 1990								TUESDAY OCTOBER 30 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (77)	123.31	-0.1	94.04	101.29	97.16	104.40	-0.3	7.39	123.14	93.72	100.49	97.22	104.71	158.31	123.14	149.14
Austria (19)	198.16	-1.3	151.13	162.78	156.13	156.09	-2.0	1.75	200.77	152.61	163.85	158.50	159.34	285.63	178.57	149.59
Belgium (61)	138.05	+0.6	105.29	113.39	108.77	106.22	+0.1	5.45	137.21	104.45	111.96	108.32	105.08	160.02	126.97	137.46
Canada (120)	123.06	-0.1	93.85	101.08	96.95	104.04	+0.0	3.22	123.16	93.74	100.50	97.23	104.08	153.61	121.24	149.35
Denmark (33)	256.54	+0.6	195.65	210.73	202.13	202.20	+0.9	1.47	255.11	194.16	208.19	201.40	202.11	277.62	234.05	211.91
Finland (25)	101.53	+0.4	77.43	83.40	80.00	76.97	+0.1	3.56	101.08	76.93	82.49	79.80	76.93	152.29	98.91	124.16
France (122)	140.04	+1.7	106.80	115.02	110.33	111.48	+1.6	3.69	137.68	104.79	112.35	108.69	109.77	168.85	124.99	132.70
Germany (91)	114.09	-0.1	87.01	93.73	89.89	89.89	-0.3	2.52	114.20	86.92	93.21	90.16	90.16	144.63	101.38	95.84
Hong Kong (48)	121.93	-0.7	92.99	100.16	96.07	122.03	-0.7	5.41	122.83	93.48	100.23	96.97	122.83	147.49	112.24	115.02
Ireland (17)	160.22	+1.1	122.19	131.61	126.23	127.58	+0.8	4.10	158.52	120.65	129.36	125.14	126.51	196.57	139.04	157.57
Italy (91)	84.87	-0.7	64.73	69.71	66.87	71.99	-0.8	3.42	85.47	65.05	69.75	67.47	72.59	109.26	80.87	87.43
Japan (454)	135.72	-1.2	103.51	111.48	106.95	111.48	-0.6	0.76	137.43	104.60	112.15	108.51	112.15	197.26	106.58	186.73
Malaysia (35)	203.23	-1.0	154.99	166.93	160.12	211.33	-1.1	2.97	205.26	156.22	167.49	162.04	213.67	250.39	192.96	194.20
Mexico (13)	551.06	+0.1	420.26	452.66	434.18	1767.73	+0.1	0.38	550.53	419.00	449.27	434.63	1765.44	561.41	324.50	304.58
Netherland (41)	133.64	+0.6	101.92	109.78	105.30	104.24	+0.5	5.15	132.54	101.10	108.40	104.87	103.77	149.03	127.56	126.63
New Zealand (16)	50.15	-2.1	38.25	41.20	39.51	43.33	-2.1	7.77	51.20	38.97	41.79	40.43	44.26	75.36	50.15	77.03
Norway (27)	235.26	-0.5	179.42	193.25	185.36	188.24	-1.1	1.64	236.39	179.91	192.91	186.63	190.35	276.79	202.34	169.49
Singapore (25)	162.77	-1.1	124.13	133.70	128.24	128.00	-1.2	3.34	164.52	125.22	134.26	129.88	129.49	209.24	147.24	156.24
South Africa (60)	164.61	+1.1	125.54	135.21	129.69	134.50	+1.1	4.03	162.88	123.96	132.91	128.58	133.09	251.29	151.60	156.46
Spain (42)	146.42	-0.2	111.67	120.28	115.37	105.33	-0.5	5.27	146.71	111.66	119.73	115.82	105.86	162.25	128.54	159.86
Sweden (27)	172.25	-0.2	131.37	141.50	135.72	143.56	-0.4	2.93	172.55	131.33	140.82	136.23	144.07	234.53	158.07	173.55
Switzerland (68)	89.98	-0.1	68.63	73.92	70.91	71.77	-0.3	2.98	90.10	68.57	73.53	71.14	72.00	109.77	85.00	86.39
United Kingdom (299)	159.72	+0.6	121.81	131.19	125.83	121.81	+0.8	5.70	158.81	120.87	129.59	125.37	120.87	176.18	129.87	140.01
USA (533)	122.43	+0.0	93.37	100.57	96.47	122.43	+0.0	4.02	122.43	93.18	99.91	96.66	122.43	148.95	119.06	136.59
Europe (963)	135.46	+0.4	103.31	111.28	106.74	105.18	+0.4	4.42	134.88	102.66	110.07	106.49	104.77	157.65	124.91	123.36
Nordic (112)	183.77	+0.1	140.15	150.96	144.80	142.97	-0.3	2.12	183.56	139.71	149.80	144.92	143.37	223.29	172.39	166.55
Pacific Basin (655)	134.48	-1.2	102.56	110.47	105.96	111.29	-0.6	1.14	136.09	103.58	111.06	107.44	111.96	192.76	107.82	182.49
Euro-Pacific (1618)	135.24	-0.5	103.14	111.08	106.55	109.51	-0.2	2.48	135.96	103.48	110.94	107.33	109.73	174.18	116.03	158.91
North America (653)	122.38	+0.0	93.33	100.54	96.44	121.24	+0.0	4.01	122.39	93.15	99.89	96.64	121.24	148.43	119.26	139.13
Europe Ex. UK (664)	120.11	+0.3	91.60	98.68	94.66	95.22	+0.1	3.50	119.71	91.11	97.71	94.53	95.11	145.02	109.94	112.21
Pacific Ex. Japan (201)	119.11	-0.4	90.84	97.86	93.86	105.18	-0.6	6.22	119.59	91.02	97.61	94.43	105.81	146.72	117.08	131.56
World Ex. US (1811)	135.35	-0.5	103.23	111.19	106.65	110.01	-0.2	2.53	136.03	103.53	111.02	107.40	110.21	173.77	117.12	158.64
World Ex. UK (2045)	126.93	-0.4	96.80	104.27	100.02	113.23	-0.2	2.69	127.50	97.04	104.05	100.66	113.49	162.00	115.37	151.48
World Ex. So. Af. (2284)	129.63	-0.3	98.86	106.49	102.14	113.92	-0.1	3.01	130.08	99.00	106.16	102.70	114.06	161.84	118.04	150.40
World Ex. Japan (1890)	128.07	+0.2	97.67	105.21	100.92	115.19	+0.1	4.26	127.85	97.31	104.34	100.95	115.02	151.59	124.31	132.22
The World Index (2344)	129.84	-0.3	99.02	106.66	102.31	114.06	-0.1	3.02	130.28	99.15	106.32	102.85	114.20	162.05	118.33	150.43

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Quickening drop in demand for executives dims hopes of market recovery next year

Bleakest summer for hunters since 1981

AN OXFORD mathematics don who loved animals once bought a Dachshund pup. Or so I've been told at least by Derek Robinson of Magdalen College, chairman of Britain's Pay Board in the incomes-policy days of the 1970s.

Every Friday the proud owner fondly weighed and measured his pet, precisely recording its weekly growth. After a few months he took it into the garden of his small house and, with tears in his eyes, shot it. He had calculated that in a year's time it would be 27ft long.

That cautionary tale against the statistical indulgence of extrapolating from trends is worth remembering, given the present state of advertised demand for executives in the United Kingdom. For there are two trends which may have a bearing on how the market will move from now on, and they look to be in conflict.

One of them can be seen in the table to the right showing the results of the MSL International consultancy's quarterly counts of executive jobs advertised in UK national journals. The top part of the table gives the number of posts – each is counted as one no matter how many times it is advertised – in eight broad kinds of higher-ranked work for the 12 months to the end of September. The bottom part, below the 12-month total, gives the quarterly tallies for all eight kinds of work taken together.

In a decade of publishing the MSL figures, I have only once seen a more uniformly bleak result. And that was in 1980-81 when Britain's executive market was at the worst level reached since the consultancy began counting in 1959.

It is true that three of the separate types of work are at merely a three-year low: research and development, production, and "Others" such as buyers, company legal specialists, economists and mixed (which is not to say mixed-up) consultants. General management was worse only four years previously.

But in the remaining categories recruitment over the 12 months to September 30 was dismal. The accounting and finance count was the lowest since 1982-83. Computing and personnel have not been as depressed since 1980-81. Nor has the 12-month total. As for sales and marketing, demand was the weakest on record.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(12 months to September 30)

Type of work	1989-90 Posts advertised	1989-90 Change from 88-89 %	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %
Research & dvlpmnt	3,273	−26.1	4,431	+12.6	3,935	+25.6	3,133	−26.5	4,263	−40.2
Sales & marketing	2,840	−35.4	4,398	−29.1	6,204	− 0.2	6,215	− 2.4	6,068	− 7.6
Production	5,512	−13.4	6,362	−16.7	7,636	+54.9	4,931	− 4.3	5,152	−29.1
Accounting	5,830	−17.5	7,064	−10.9	7,925	+ 8.1	7,334	+15.2	6,368	− 1.9
Computing	2,430	−41.0	4,119	−10.5	4,602	+37.0	3,358	− 9.8	3,724	−13.5
General management	1,320	− 5.3	1,394	−19.3	1,728	+16.8	1,479	+15.8	1,277	− 2.4
Personnel	827	−32.9	1,233	+15.8	1,065	same	1,065	+18.3	900	− 6.5
Others	6,764	−15.4	7,996	+ 9.4	7,307	+14.7	6,372	+16.2	5,484	−14.4
Total	**28,796**	**−22.2**	**36,997**	**− 8.4**	**40,402**	**+19.2**	**33,887**	**+ 2.0**	**33,236**	**−17.8**
Oct-Dec	6,627	−26.8	9,048	− 2.2	9,248	+17.8	7,850	− 8.7	8,596	− 3.3
Jan-March	8,397	−23.1	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1	8,804	−24.3
April-June	7,641	−16.7	9,176	−13.4	10,593	+23.2	8,597	+ 5.2	8,172	−21.5
July-Sept	6,131	−22.0	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,664	−19.4

Similar gloom suffuses the four industrial sectors of which MSL has kept tally, albeit only since 1984-85. Energy and associated businesses are the brightest with 3,539 advertised openings in the latest 12-month count, the second highest in the half dozen years covered though still 4 per cent down on 1988-89.

The rest have reached six-year lows. Food, drink and tobacco, with 769 jobs offered, was down 19 per cent on 1988-89. Retailing's 753 represented a fall of 30 per cent, and the high-technology sector's 1,946 a plunge of 46 per cent.

While it pains me to say so, the overall trend shown by the three-monthly counts in the table's bottom lines looks still nastier. The latest July-September tally is the lowest for any third quarter of a year since 1980-81. As that quarter contains the holiday period, it always produces fewer offers than the preceding April-June but the usual decline is only 4 to 5 per cent. This year it was almost 20. But that is not all.

During previous setbacks in the market, once the rate of decline has slowed the position has gone on improving. Now, after slowing between January-March and April-June, the fall has quickened again, which seems a chilling omen.

Despite that unprecedented change in the trend of the present setback, however, MSL's chief market-watcher is not altogether disheartened. He prefers to vest his faith in a longer established trend. Ever since the counts began demand has ebbed and flowed in remarkably regular cycles, and the next upturn is due early in 1991.

"Which do you think it's better to go on," he asks, "a shift that's happened this once, or a trend that's been going on for 31 years?."

The Jobs column is averse to going on either. Having heard Derek Robinson's parable about the Oxford mathematician, my attitude to the question is the one enshrined in an old film starring Jack Benny. As he and some friends were walking along, a black cat crossed their path, and they fell to arguing whether that meant they would be lucky or unlucky. When they could not agree, Benny put the issue to his man Rochester.

"Aw gee, boss," he rasped. "I guess it all depends on what happens afterwards."

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ACCOUNTANCY COLUMN

Five reasons not to trust company figures

By Geoffrey Holmes and Alan Sugden

JUDGING by the press comment, the present problems at Polly Peck came as a complete surprise to lots of people, not least the many private shareholders who gathered in the ballroom of the Grosvenor House hotel at the company's annual meeting last May to hear Mr Asil Nadir wax lyrical on his company's destiny.

Arguably, the euphoria of that occasion was a warning in itself, but the writing was on the wall well over 12 months earlier.

Here are some points worth noting in the figures that Polly Peck reported for the 16 months to December 31 1988. First, £27.8m of interest receivable on soft-currency deposits is netted off against £40.6m interest payable on mainly hard-currency borrowings.

Second, a £170m write-off on net investments overseas is taken direct to reserves, in spite of the revaluation of tangible fixed assets before translation. The write-off exceeded the reported pre-tax profit for that period by more than £25m.

Polly Peck aside, there are five main reasons why, in our view, company accounts cannot be relied upon to give a "true and fair view", despite any clean bill of health from their auditors.

The present accounting rules can and do make nonsense of some figures. For example, the preferred method of dealing with purchased goodwill, writing it off immediately to reserves, left SmithKline Beecham with negative shareholders' equity of £296.5m after the merger, compared with a market capitalisation of more than £2bn.

We are glad that a recent exposure draft proposes to stop "immediate write-off", but disappointed that it does not require that purchased goodwill from previous years should be written back into the balance sheet.

Thus millions of pounds of shareholders' money spent on acquisitions may remain written off, distorting any calculation of "return on capital employed" and similar ratios, unless the cumulative figure for goodwill written off direct to reserves is available to be added back.

Doing as others do results in standards of auditing drifting down to the lowest common denominator

The second reason is that the present rules give companies far too much flexibility. For example, there are two completely different methods presently allowed in accounting for acquisitions, although ED 48 proposed to forbid the use of merger accounting in most cases.

The third reason why we are wary of taking company accounts at face value is the enormous influence that seemingly quite small changes in accounting policies can make to reported results. For example, in 1988 Cityvision, the video hire company, changed the useful life of its tapes from 15 to 30 months, reducing depreciation by £2m and by doing so boosted its reported profits by 58 per cent.

Going in the other direction, Cray Electronics, less than a month after announcing annual pre-tax profits of £17.03m for the year to April 29 1989, called in an independent firm of accountants to review the group's accounting policies.

Items reviewed included the capitalisation of research and development expenditure, property profits, extraordinary items, recognition of income and costs, sales to joint venture companies and the use of merger accounting. The outcome was a reduction in the pre-tax figure to £5.44m and the company is now under new management.

Even if companies only capitalise a small amount of interest, R&D expenditure or start-up costs, it is often a warning signal. Sock Shop capitalised overseas start-up costs of only £354,000 but that may have contributed to the company's downfall.

Our fourth reason is the seemingly endless ingenuity of some financial advisers in devising new ways of "helping" clients. It is rather like the Magic Circle: every day a new trick.

Companies used to enjoy long-term and trusting relationships with their merchant banks, and many still do, but in these days of competitive free-for-all, new financial instruments are hawked around the City by deal-oriented banks intent on generating substantial fees for themselves, with scant regard for the long-term interests of their clients.

A classic example was the rash of convertible bonds issued by some large UK listed companies in the heady days before the October 1987 market fall. The companies were persuaded to include a "put" option for the purchaser, which, as we said to Mr George Davies, then chairman of Next, at the time, meant: "Heads the investor wins, tails he can't lose: from the company's view there must be a snag in this somewhere."

Next is now faced with the likelihood of having to redeem almost £50m of 6.75 per cent convertible bonds in January 1992, followed by a further £100m of 5.75 per cent before the end of that year, timings which may prove more than inconvenient.

Exotic offshore funding is another confusing factor, although there may well be tax advantages.

Even so, we do find it quite a struggle to make sense of balance sheets in which minorities exceeded shareholders' funds, as they did in the most recent accounts of BHH, a property investment company, because of a £45m issue of cumulative redeemable preference shares by a Cayman Islands subsidiary.

Our fifth reason is that auditors, in spite of the charade of being appointed by the shareholders at the AGM, are effectively in the pay of the directors. So when directors want to take maximum advantage of accounting rules and loopholes to enhance reported profits, auditors may be tempted to let them do so, easing their consciences by making sure that what is being done is shown in an obscure note to the accounts.

Although we believe that most companies still do try to present a "true and fair view", it does appear that an increasing number deliberately mislead their shareholders.

There is, of course, great temptation for them to do so: acquisitive companies want to "maximise" their reported profits and thus their share price to facilitate further acquisitions using highly rated equity, and there is probably even more incentive for those companies which feel vulnerable to takeover to paper over any cracks.

In addition, it must be particularly difficult for auditors to resist if the company in question is able to say: "Well, Auditor X allowed Company Y to do this, why can't we?" Thus the standard of auditing tends to drift down to the lowest common denominator, rather than up to "best practice".

That must be very irksome for competing companies still trying to present a "true and fair view", but they should take heart. The Companies Act 1989 will greatly reduce the scope for off-balance-sheet financing, which can be the biggest fiddle of all short of fraud.

In addition, the new and much more powerful Accounting Standards Board is now in a position to make sweeping improvements to our crumbling accounting standards. Whether it will do so remains to be seen.

Interpreting Company Reports and Accounts, by Geoffrey Holmes and Alan Sugden, 4th edition. Woodhead-Faulkner, h/b £39.95 p/b £17.95.

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Financial Accountant

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REED... accountancy

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Could you keep £1 billion in the best of health? To find out, please contact Mr R Searle on Bristol (0272) 423271, ext 2206. For an application form and information pack please contact the Recruitment Section on Bristol (0272) 423279, ext 3389. Closing date for applications is 19 November 1990.

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TREASURY ACCOUNTANT

£ Market + Car + Bonus

As one of the world's largest banks with operations in over 70 countries, Credit Lyonnais has been established in the London market for over 100 years. The significant expansion of our Market Group activities in recent years has created the requirement for a dynamic individual to head up the UK Treasury accounting function.

Reporting to the Accounting Manager, applicants must be qualified accountants with at least two years' experience of Treasury accounting in a banking environment. A thorough and practical knowledge of swaps, options, FRAs, financial futures and other derivative instruments is essential.

Working closely with the Assistant General Manager, Market Group on a daily basis and the systems department in enhancing existing and implementing new reporting systems, a hands on approach is expected, together with the ability to work under pressure when necessary.

Candidates should possess strong communication skills, a lively personality and the ability to prioritise a variety of tasks.

Attractive remuneration terms, including a company car and banking benefits will be offered to the successful candidate.

Please send career and personal details to: Mrs Eileen J. Price, Senior Personnel Officer, Credit Lyonnais, PO Box 81, 84-94 Queen Victoria Street, London EC4P 4LX.

CL CREDIT LYONNAIS

DIVISIONAL FINANCIAL CONTROLLER

Shape the Future

Suffolk/Essex Area c.£35,000 + bonus, benefits & car

Our client is a successful manufacturing organisation, committed to expansion, and now seeking an energetic individual for this senior role. Reporting to, but working closely with and supporting the Divisional Managing Director, the scope of the role is broad and will require:

- strong management and interpersonal skills;
- ability to take a business overview without losing sight of detail;
- improvement of existing reporting and EDP systems;
- divisional acquisition evaluation, UK and overseas;
- "shirtsleeves" approach when necessary.

Rewards will be excellent for an achiever who can integrate well into the results and performance oriented management team, and will include eligibility for share options. The organisation is poised to take full advantage of any economic upturn and meanwhile is successfully maintaining its position in terms of revenues and market share.

Candidates must be geographically mobile since they will have multi-site responsibility. They should be qualified accountants, with costing experience gained ideally in a line position, but certainly within manufacturing/industry.

Interested candidates should send their CV together with remuneration details, day and home telephone numbers, quoting ref. 4421 to James Forte at the address below.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

Treasury Manager

An Opportunity to Join a Major New Treasury Team

c.£40,000 + Benefits London

Our client is the newly-established UK treasury subsidiary of one of the world's largest manufacturing groups. Its objective is to provide a full range of treasury services to a large number of UK affiliates. These will include cash and liquidity management, dealing in the money and FX markets, and funding operations.

A key person is now sought to assist the Managing Director in setting up the new operation, to plan and develop the projected services, and then to take day-to-day responsibility for operations. He/she will also be involved in the recruitment of additional staff and the management of a small dealing team.

As the successful candidate you are likely to be in your late 20s or early 30s, with a qualification in treasury, and probably an MBA or accountant. You will have had considerable experience in the treasury operations of a large multinational group, with a good track record in managing dealing operations. You will be fully conversant with the UK and international money and banking markets, with techniques for identifying and managing risk exposures, and with the systems required to manage treasury operations. You will naturally have the energy, enthusiasm and ambition to help build a major new treasury operation in a group where further career development prospects are excellent.

The position commands an excellent salary, and benefits will include a car and pension arrangement. If you wish to be considered for this appointment please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref 7180, MSL International (UK) Limited, 32 Aybrook Street, London W1M 3JL. Tel: 071-487 5000.

MSL International

The Top Opportunities Page

appears every Wednesday in theFinancial Times.
For further information please contact
Elizabeth Arthur 071-873 3694
Stephanie Spratt 071-873 4027

"Expanding South East coast marine contracting company looking for experienced business person to be responsible for controlling Financial Affairs. FullTime /PartTime position salary and conditions to be negotiated"

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Assistant Group Treasurer

Surrey

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Our client is a major international group in the branded consumer products sector. The group is highly profitable and is seeking to diversify into related areas.

It is now seeking to recruit a high calibre Assistant Group Treasurer in order to develop further the treasury management operations within the group.

The position reports to the Group Treasurer and you will be involved particularly in the management of foreign currency exposures, the financing of the group overseas and special project work.

Suitable candidates will be aged up to 32 and are likely to be graduates and/or qualified accountants.

Relevant treasury management experience is essential, together with strong interpersonal skills and initiative.

If you have the skills and ambition to succeed in this role, please telephone or write enclosing a full curriculum vitae quoting ref: 437 to:

Nigel Hopkins FCA,
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Chief Accountant

The Universities Superannuation Scheme provides pension and other superannuation benefits for academic and senior administrative staff employed in UK universities and other institutions engaged in higher education or research. It is one of the largest pension funds in the UK, with 90,000 members and funds approaching £6 billion.

Universities Superannuation Scheme Limited, a company limited by guarantee, is the trustee company responsible for the administration of the pension scheme and the management of its investments.

As Chief Accountant, reporting to the Chief Executive Officer, you will be a member of the senior management team of the company, responsible for its accounting and data processing functions. Your key tasks will be to develop and maintain the reporting and control systems and to provide information and guidance to the committees that monitor the performance of the company and the scheme.

As a qualified accountant, you will presently be holding a senior financial position in either the public or private sector. Experience of pension fund accounting is not essential but the demonstrable ability to manage within a formal committee structure would be an advantage. You are unlikely to be below 35.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Richmond House, Rumford Place, Liverpool, L3 9FD, quoting reference P200 on both envelope and letter.

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FINANCIAL CONTROLLER

FILM PRODUCTION

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This company's pursuit of excellence as a specialist independent film producer is unparalleled. Throughout its 20-year history the company has consistently grown in status and received many of its industry's most sought-after awards. Their adaptable product has a global appeal, transcending cultural barriers, and is one of few which appreciates in value.

The role demands a combination of technical expertise, pro-active approach, business knowledge and maturity. Reporting directly to the managing director, the financial controller will, with the support of an established team, apply technical expertise to a wide variety of accounting and commercial issues. Other responsibilities will include assessing and recommending improvements to all aspects of the finance function with specific emphasis on developing the computerised system. To facilitate future growth, the management of cash flow is considered paramount.

Candidate requirements are clear: a qualified accountant with proven experience of running a buoyant finance function within a service industry. Managerial skills required will include an aptitude for the training and motivation of staff, coupled with the ability to determine and resolve business problems. Future prospects are excellent, with a board position a genuine prospect for the right individual.

*For further information please contact **Tony Goodwin** or **Caroline Owen** on **0272 255113** (evenings/weekends: **0272 742748**). Alternatively, write to the address below enclosing a copy of your Curriculum Vitae.*

HARRISON WILLIS

FINANCIAL & LEGAL RECRUITMENT CONSULTANTS

Hanover House, 47 Corn Street, Bristol BS1 1HT. Tel: 0272 255113

Group Accountant

Edinburgh

c.£35,000+ ; Car

Part of an international £600m British plc, this Scottish holding company has 10 operational subsidiaries and a turnover of £100m. The present incumbent is due to retire shortly, and his successor is sought. This is the senior financial position within the holding company, and, as part of the small head office team, this person will play a full role in both daily and strategic management. Responsibilities will include financial and statutory reporting, interpretation of information, handling investigations and acquisitions. Candidates should be graduate chartered accountants, probably in their 30s, with experience of running the finance function in a margin-conscious, multi-location group. First-class technical and analytical skills, good systems development experience and excellent leadership/man-management ability are all essentials. Please reply, in confidence with full career details, to Peg Eva, as adviser to the company, at Selection Thomson Ltd., 24-25 New Bond Street, London W1Y 9HD or 14 Sandyford Place, Glasgow G3 7NB.

Selection Thomson
London and Glasgow

Financial Controller

(Commercially Aware)

Transport, Distribution and Engineering

Essex

Package c £35,000

A unique opportunity to head-up the finance function for a newly created, autonomous profit centre with budgeted turnover in excess of £50m for 1990. This is part of a multi-million pound corporate, undergoing major restructuring which offers scope for performance based, personal advancement. As the senior financial manager and a key member of the management team, the prime responsibility will be to ensure financial objectives are met by effecting a commitment to commercial disciplines within the profit centre. In addition to the usual financial duties, responsibilities will include planning, budgetary appraisal, control of capital expenditure and recruitment and training of staff. A key objective will also be to ensure that this finance department becomes a centre of excellence for both quality and performance in the group. The ability to negotiate with internal and external parties will require excellent communication skills, and a confident, persuasive approach. The ability to motivate staff, meet tight deadlines and achieve objectives under pressure, will necessitate a candidate of the highest calibre. Educated to degree level and qualified, future advancement will only be limited by the individuals capabilities.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a *Personal History Form* to, *K.D.A. Allen*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 071-734 6852, Fax: 071-734 3738, *quoting Ref: H37013/FT*.

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C. £33K + 2 LITRE CAR & EXCELLENT BENEFITS

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Thanks to a lasting commitment to efficient, prompt and totally professional customer service, The Pearl Group is well established as a leader in the two associated fields of building contracting and maintenance services. With 13 depots nationwide, group turn over exceeds £20 million annually.

As Financial Controller your role is pivotal to the entire operation and your interpretation of financial data will provide the foundation for both day to day operational decisions and for long term, board level strategy. Clearly we're looking for a mature financial professional with accounting qualifications and the ability to assimilate rapidly a full understanding of our company and of the building/maintenance industry in general. If you already possess relevant experience, so much the better.

Taking charge of a staff of 25, your responsibilities cover the complete range of financial disciplines from management and financial accounting for over 20 departments, to the formulation of budget and cash flow forecasts. Once familiar with our computerised accounting system you'll take a leading role in its ongoing development and in ensuring that your staff are able to utilise it to full effect. Your well honed communication skills should enable you to liaise comfortably at all levels, wielding considerable pro-active influence over every stage of the decision making process.

It's quite a challenge, carrying substantial authority, excellent prospects (this position carries board potential) and a remuneration package fully in keeping with your stature. Write with full career details to L. Green, Managing Director, Pearl Contracts (Holdings) Ltd, Durkan House, 155 East Barnet Road, New Barnet, Herts EN4 8JN.

Pearl

Project Accountant

CENTRAL LONDON c.£28,000 + Benefits

Our client is a fast-moving and diversified group of companies occupying a leading position in the Publishing and Communications sector.
Fulfilling a centralised role, serving all group companies, the Pensions Department now seeks to strengthen it's Accounts Department by the appointment of a Project Accountant to act as Assistant to the Financial Controller.

Key tasks will include:

- ★ Managing the accounting aspects of acquisitions and disposals of Pension funds.
- ★ Integrating newly acquired companies into Group systems and procedures.
- ★ Producing annual audited accounts for group funds.

Suitable candidates will be qualified probably aged 25-30, with some 18-24 months post qualified experience. Experience of the financial services sector, particularly the investment area, would be highly desirable.

Please apply, sending full personal and career details to Helen Peek:

AGB Executive

WRITE BOX A283, FINANCIAL TIMES, ONE SOUTHWARK BRIDGE, LONDON SE1 9HL

GROUP ACCOUNTANT

North West £30,000+car+significant benefits

Our client is a successful and highly innovative financial services group with a reputation for quality and excellence. The group is now undergoing a major development programme designed to allow flexibility and speed of response to market changes.

In order to support and enhance this development strategy they require a Group Accountant to assume responsibility for aspects of the finance function. The role will involve the consolidation and preparation of accounts for group companies, critical analysis and review, special investigations, business appraisal and staff management.

This is a high level appointment which will involve close liaison with senior level group executives. Accordingly, the appointee must have strong interpersonal and presentation skills, in addition to excellent technical experience gained with a major Plc. Candidates should be qualified with at least two years' pqe, preferably gained within a financial services environment, although this is not essential.

The Group offers an attractive salary package, including executive car and benefits, together with exceptional prospects for personal and professional development.

Please write in confidence to Brian Marren, Douglas Llambias Associates, Brook House, 77 Fountain Street, Manchester M2 2EE enclosing full career and salary details.

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Financial Controller — Director Potential

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East Anglia

Our client, a subsidiary of a major plc, has a high quality reputation within the international office supplies industry. Substantial organic growth, investment and a total commitment to future success has created an environment of exciting change. To realise corporate objectives they seek to strengthen the management team through the appointment of a Financial Controller capable of maximising the commercial potential of the business.

Reporting to the Managing Director, and with total responsibility for the accounts function, initial challenges include refining both the material controls and the costing systems, implementation of JIT principles and the creation of a team atmosphere within finance. As a key member of the management team, you will be encouraged to contribute to the strategic development of the business through financial planning and the further implementation of an integrated manufacturing system.

Candidates will be computer literate qualified accountants with a record of achievement in a manufacturing environment. Strong interpersonal skills and a commitment to developing a career within this plc are critical to success. Only candidates with the track record to reach board level need apply. Relocation is available if required.

CLARK WHITEHILL
Search and Selection

Please write in confidence to Stephen Williams, Clark Whitehill Consultants Ltd. 25 New Street Square, London, EC4A 3LN. Telephone: 071 353 1577. Fax: 071 583 1720.

LAYING *the* FOUNDATIONS *of* SUCCESS

Senior financial roles with a new national organisation.

As concern for the water environment grows, so too must the NRA. We need to change the nation's thinking. We need to develop awareness about how we can all protect and sustain our rivers, lakes, coastal and inland waters. We need to examine how we, as guardians of our water environment, can change our culture and our people to make this process as effective as possible.

Which is just one of the reasons why we're bringing most of our people together under one roof in a new Head Office in Bristol. Here they can work more closely together, sharing their expertise and their experience, addressing issues which have the greatest impact on the future of our water environment.

The tide is beginning to turn.

NRA

Head Office

The NRA is a powerful and independent new body responsible for protecting the water environment in England and Wales. Established less than 12 months ago, we are still very much in the process of developing the structures around which our organisation will grow. We now wish to fill two senior positions on our finance team, which is currently working to develop the financial structures on which our future security and success will depend.

CHIEF AUDIT MANAGER

c.£32,800 + car Bristol

This role is available due to the retirement of the present post holder. With an audit team comprising ten professional staff now largely in place, your first priority will be to define the scope of the department's work and to plan accordingly. Although you will direct the traditional internal audit functions – financial control and the promotion of operational efficiency – we'll also expect you to extend your role way beyond this area and make an important contribution to the running of the business in the NRA's ten regions.

We are looking for a qualified Accountant who can bring extensive audit experience within a large organisation to this challenging role. In order to appreciate the commercial issues facing the NRA you'll require experience in either public or private sectors and, at this early stage in the development of our organisation, a positive and creative approach to problem-solving will be essential, as will familiarity with computer-based audits and well-developed skills in managing people. Ref: 4608/PJ/FT.

FINANCE MANAGER-BUSINESS SERVICES

c.£32,800 + car Bristol

We'll be looking to you to protect the authority's interests in commercial transactions, as well as to act as the senior financial adviser on a wide range of important projects. Issues in which you could be involved include: the development and management of existing charging schemes for the collection of income (currently totalling over £250m p.a.); the evaluation and implementation of existing pension fund arrangements; acquisition and disposal of property and the development of new computer systems.

This role offers the opportunity to work with and influence top management. You should be a qualified Accountant with substantial and wide-ranging experience of financial management, gained at a senior level with large organisations. As well as a familiarity with statute law and an awareness of financial procedures as they relate to public enterprise, you'll need to be able to demonstrate initiative, creativity, personal credibility, and the ability to use these qualities to achieve results. Ref: 4544/PJ/FT.

Salaries are supported by an attractive benefits package including discounted medical insurance, an index-linked contributory pension, generous holiday entitlement and a contributory lease car. Assistance with relocation may be available where appropriate.

Please send a full cv including current salary details to Patrick Johnson, quoting the appropriate reference, to PA Consulting Group, 60a Knightsbridge, London SW1X 7LE. Telephone: 071-235 6060.

NRA is an Equal Opportunities employer.

JAWABY OIL SERVICE

SENIOR AUDITORS

Libya

Our client, the **NATIONAL OIL CORPORATION**, directs and controls the exploration and production of one of the world's largest sources of high quality crude oil - setting the strategy for the optimisation of hydrocarbon resources within Libya, by co-ordinating and maintaining the activities of individual operating companies.

To assist in this task the N.O.C. now requires a number of Senior Auditors for the External Audit Group.

Applicants should be Chartered Accountants, or equivalent, having qualified in the U.K. or North America. 5 years' post-qualification experience in modern audit techniques, either in the profession or the petroleum industry, is required.

The excellent benefits package includes:

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- Free well-appointed accommodation and utilities
- Educational assistance plan, where appropriate
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- End of Service Bonus.

To apply, please write with full career details, quoting reference NOC 35 to the Recruitment Co-ordinator. Umm Al-Jawaby Oil Service Co. Ltd, 33 Cavendish Square, London W1M 9HF. Fax 071-491 9658.

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If you are 25-35, computer literate, with good man-management skills and wish to play a major role in our company, please send full CV to:-
Simon Blake,
Leathams Larder Plc,
1 Bethwin Road,
London SE5 0YJ.

Financial Controller

c. £40,000

In a highly successful Construction, Civil Engineering and Mining group, with turnover approaching £300m.

- **RESPONSIBILITY** is to the Finance Director for the provision of timely and relevant financial and management information, and the improvement of control systems.
- **THE NEED**, resulting from a new divisional structure, is for a Chartered Accountant aged early thirties with proven controller skills, seeking a stimulating and demanding environment.

Please reply in confidence, enclosing Curriculum Vitae and quoting Ref. 7330 to:-

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13-14 South Parade, Leeds LS1 5QS. Telephone: 0532 426767. Fax: 0532 426888

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Administration and Finance

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Our client is a long established and successful multi-national aircraft sales and leasing group. It has offices in California, Australia and the Far East and is expanding in other areas.

The continued growth of the organisation has created the need to recruit a qualified, computer literate accountant who will be responsible for controlling all administration and accounting for the group supported by a small but competent team. The position is based in the U.K., but being a totally international operation, there will be a limited amount of travel to ensure corporate standards are being met in the overseas offices.

Applicants should be 30 – 45 with a proven record of success gained in a service industry allied to the determination and the ability to achieve a high level of personal and corporate standards.

We seek an individual with the personality and authority to earn a seat on the board.

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The Role

- Central role in commercial and strategic decision making. Total responsibility for finance function.
- Maintain and improve financial control to exacting group standards.
- Strong link with M.I.S department in rapid development of sophisticated computer-based systems.

The Qualifications

- Qualified accountant, aged 35 to 45. Successful track record of senior level financial management.
- Preferably experienced in financial services sector and familiar with integrated computer systems.
- Communicative self-starter with the ability to manage change. Mature and diplomatic.

Please apply in writing, enclosing full c.v. Ref: M455.

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INTERNATIONAL ACCOUNTANT

This challenging position is newly created for an accountant to fulfil a wide-ranging role with a highly successful private group of manufacturing companies.

The range of assignments includes acquisitions, consolidations, regular operational reviews and appraisals and treasury management.

Candidates, probably qualified, must have had some experience of these areas and be fluent with computers. A knowledge of at least one European language will be an advantage.

The job requires a high degree of self-discipline and diplomacy, and although based in Central London entails substantial travel to Europe.

The rewards, both personal and financial, are excellent. Applicants should apply specifically for this position by sending details to: R.M. Smith, 11th Floor, The Swiss Centre, London W1V3HG
Telephone: 071-734-9131

LETTERS OF CREDIT SPECIALIST

Our company, active in oil products marketing, is looking for a specialist in letters of credit to strengthen our operations/financial department. The candidate must have a good working knowledge of the oil industry and a minimum of two years experience within a documentary credit department of an international bank involved in oil trading.

Please write in confidence, enclosing a full CV, to: Box A998, Financial Times, One Southwark Bridge, London SE1 9HL

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TRIPLE A

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Please reply to Box A272, Financial Times, One Southwark Bridge, London, SE1 9HL